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NEWS SUMMARY

GENERAL

Spending cut order angers councils

Environment Secretary Michael Heseltine told English local authorities to cut next year's current spending by 7 per cent in real terms compared with this year's expected total.

The demand, which represents a cash cut of between £1.5bn and £2bn, angered council leaders of all parties.

The Government intends to force councils to pay for cuts they failed to make to meet previous targets. Back Page

Anthrax warning

The Defence Ministry warned people to watch out for soil packages possibly contaminated with antrax spores. An environment protection group has claimed it took soil from Gruinard Island in the Hebrides, scene of 1941 germ warfare tests.

Nail bomb quiz

Police hunting the IRA gang behind Saturday's nail bomb blast in London were questioning two men held under the Prevention of Terrorism Act.

Lagos ambush

Raiders armed with machine guns attacked a car in Lagos, killing a secretary at the British High Commission and badly wounding her husband.

Mugabe sacking

Zimbabwe Premier Robert Mugabe sacked his controversial Health Minister Dr Herbert Ushewokunze. Deputy Dr Simon Mazorodze replaces him today.

Record bid blow

The British attempt to capture the world land speed record was postponed until 1982 after heavy rain flooded Utah's Bonneville salt flats. Page 9

Hostages freed

Kidnappers freed an Italian student and his fiancee in Calabria after their families paid a L500m (£228,000) ransom.

Six die in blast

Six were killed in an explosion apparently caused by a gas leak at an apartment block in Montecchio, north east Italy.

Comeback offer

Former world motor racing champion Jackie Stewart said he was considering a £3m offer to return to Grand Prix driving.

Sticky wicket

Six England Test cricketers will play in a South African double-wicket event this week, risking inclusion on a blacklist of sportsmen with contacts there.

Watneys beer up

Watneys will raise wholesale prices for its draught and bottled beers by 8 per cent on October 26, a move likely to put 4p on to a pint of draught beer.

Jardine fined

Police Federation chairman James Jardine was convicted at Cheltenham of careless driving and fined £20.

Lion-hearted

Tessa, a three-year-old bull terrier, has been mothering three orphan lion cubs in South Africa's Krugar national park.

Briefly . . .

Eskimos in the polar regions of Alaska, Canada and Greenland will seek UN affiliation.

Bomb exploded in a Tehran street, injuring three.

U.S. Navy rescued 66 Vietnamese refugees in the South China Sea.

Riot at a Colombian soccer match killed three.

BUSINESS

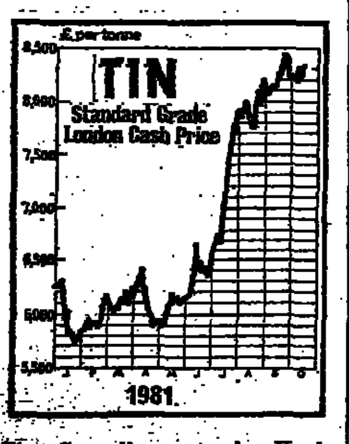
Sterling off 2.9c; Tin price rise bid

● STERLING fell to close at $1.872 ($1.901) in London. DM 4.095 (DM 4.165), SwFr 3.43 (SwFr 3.498) and FFr 10.24 (FFr 10.445). Its trade-weighted index was 88.5 (89.4). Page 34

● DOLLAR slid to close in London at DM 2.188 (DM 2.189), SwFr 1.8325 (SwFr 1.8375) and FFr 5.4725 (FFr 5.4975). It firmed to Y227.5 (Y226.5). Its trade-weighted index fell to 106.2 (106.4). Page 34

● GOLD fell $4.5 to $448.5 in London. In New York the Comex October close was $445. Page 34

● TIN producing countries will seek a 10-15 per cent rise in the "floor" and "ceiling" prices of the International Tin Agreement when the International



Tin Council meets in Kuala Lumpur later this week, but is likely to meet strong resistance from consumer countries, particularly the U.S. Page 37

● EQUITIES: the FT 30-share index fell 7.2 to 491. Page 38

● GILTS: the Government Securities Index rose 0.02 to 62.32. Page 38

● WALL STREET was 4.69 down at 868.91 near the close. Page 36

● CROCKER NATIONAL BANK, in the U.S., lowered its prime rate to 18.5 per cent from 19 per cent.

● PARIBAS SUISSE'S takeover is being opposed by the French Government. Back Page

● BL is to close three plants and sell another to a consortium from the plant's management. Back Page

● U.S. STEEL producers expressed fears at the opening of the International Iron and Steel Institute conference in Toronto that cheap products from Europe and elsewhere are being dumped in their market. Back Page

● U.S. is to offer west European governments a series of energy alternatives to the 3,500-mile gas pipeline from the Soviet Union. Back Page

● GLAXO HOLDINGS increased pre-tax profits to £87.33m (£66.09m) in the year ended June 30. Page 26, Lex, Back Page

● HARRISONS MALAYSIAN Estates' taxable profits fell to £4.63m (£6.67m) in the quarter to June 30. Page 26; Lex, Back Page

● CURRYS GROUP reported lower pre-tax profits of £4.43m (£4.49m) for the half year to July 29. Page 26

● JEFFERSON SMURFIT Group, the Dublin-based paper, printing and packaging concern, increased taxable profits to IR£10.77m (£9.29m), against IR£9.44m, in the six months to July 31. Page 27

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Assoc. Fisheries	75	+ 5	Brook St. Bureau	28	− 3
Cornell Dresses	140	+ 8	GEC	684	− 16
Fitzwilton	37	+ 5	Grand Met.	166	− 8
Fogarty (E.)	100	+ 5	GKN	158	− 5
Gerrard & Natl.	268	+ 8	Hambro Life	328xd	− 8½
Glaxo	406	+ 10	Hawker Siddeley	288	− 12
Grindlays Bank	210	+ 14	Land Securities	285	− 11
Guinness Peat	89	+ 5	Lex Service	92	− 6
James (Maurice)	26	+ 4	Mersey Docks	17½	− 2
London Scot. Finance	42	+ 6	Mothercare	164	− 8
Lyles (S.)	71	+ 9	Plessey	313	− 7
Old Swan Hotel (Harrogate)	74	+ 7	Stock Conversion	330	− 13
Shaw & Marvin	15	+ 3	Thorn EMI	440	− 10
Small & Tidmas	95	+ 20	Whitbread A	143	− 5
Smurfit (Jefferson)	62	+ 6	BP	290	− 10
Stocklake	132	+ 10	LASMO	490	− 30
Whatman Reeve Angel	205xd	+ 7	Shell Transport	342	− 10
Wood Hall Trust	149	+ 6			
Atlantic Res.	240	+ 50			
Candecca	170	+ 10			
Hampton Areas	155	+ 10			
Messina	355	+ 35			
Western Mining	298	+ 7			

No evidence against De Lorean or his company, says DPP

BY KENNETH GOODING

SIR Thomas Hetherington, the Director of Public Prosecutions, said yesterday that no evidence had emerged to support any of the allegations of criminal conduct against Mr John De Lorean or the sports car company which bears his name.

Police inquiries have ended, but "should any evidence of a criminal offence subsequently come to the attention of the Director he would give it consideration."

Mr De Lorean, speaking last night at the sports car plant at Dunmurray, near Belfast, set up with the help of about £80m of Government money, said he hoped the various financial institutions on which the company and its dealers relied "will regain some of the confidence which has been knocked out of them."

He claimed the allegations of financial irregularities at the De Lorean company had made the financial institutions "very uneasy."

The company has to renegotiate loans of $19m due for payment at the end of the month, and a $10m loan from the Northern Ireland Development Agency also has to be renegotiated before the end of the year.

Mr De Lorean added: "If all this shuts off other financial sources, we will be forced back to the UK Government, which already has said it cannot give any more money as things stand."

He had a "strong feeling" that the widespread publicity given to the allegations were "part of a wider conspiracy."

He insisted that he was a "carmaker," and "wiser heads than mine will have to seek out the motives of those who would destroy us, and with Ulster's proudest achievement."

The allegations had led to his Canadian distributor's suspending an order for up to 300 cars. Another dealer in the U.S., which he did not name, had taken similar action. He hoped the situation could now be retrieved.

Mr De Lorean dismissed as "utter nonsense" suggestions that he had made a fortune from the company. He had received only what he was entitled to under a contract demanded by the Government and on public record since 1978.

Within the last six months he had even offered to give all his shares in the company to the Government for nothing if such a gift would help the Government provide funds to keep the plant going.

Mr Nicholas Winterton, Conservative MP for Macclesfield, who passed on details of the allegations privately to the Prime Minister, said last night that the Director of Public Prosecutions' statement was "certainly not the end of this matter as far as I am concerned."

He would use his Commons privilege to raise the matter in Parliament as soon as the House resumed.

"I shall ask the appropriate Government Departments for an explanation of the allegations which were made, and clearly have not been dealt with, in this very bland statement by the Director."

Thatcher to isolate critics with call for party unity

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER intends to isolate her critics at this week's Conservative Party conference by concentrating on keeping the support of the rank and file and by warning delegates of the electoral dangers should they remain openly divided.

The strategy, to be launched in Mrs Thatcher's crucial speech on Friday, could succeed, according to a series of soundings of the 5,000 representatives taken by party officials and Government Whips. The conference opens in Blackpool today.

Following the rising tide of criticism and open revolt among some Conservative MPs there are signs of a counter attack from loyalists, particularly at grass roots level, which should see Mrs Thatcher safely through one of the most critical weeks of her political life.

The Prime Minister's message to the party will be clear: There must be no change of course despite the initial electoral unpopularity that could be harvested in by-elections.

Mrs Thatcher and her colleagues will then attempt to build on what they hope will be a vote of confidence from party activists by warning of the dangers of continuing criticism from MPs.

It will not be an easy task, with Mr Edward Heath, Sir Ian Gilmour, Mr Norman St John Stevas and other critics planning to speak at the conference or at fringe meetings in open conflict with Government policy.

The Government's critics will receive added support today from another group of MPs who plan to publish a statement calling for a more pragmatic economic strategy. Their theme will be that unless there are changes, electoral defeat at the next general election is probable.

The attempt to isolate the Government's critics was given full backing by Mr Cecil Parkinson the new party chairman at a Press conference in Blackpool last night. He said he was confident that unity would be restored by the end of the week.

"Our supporters here and in the country will realise they have a responsible government facing up to the problems of the country and a courageous government prepared to take difficult decisions and to see them through," Mr Parkinson said.

He was confident that a government determined to keep its nerve and certain that its policies, if followed, would be successful, would receive party support.

Mr Parkinson confirmed that should Mr Heath apply to take part in the conference he would certainly be called to speak. Mr Heath intends to take part in the economic debate tomorrow when he proposes to repeat his criticisms of the Government's economic strategy and to call for a change of direction.

Mr Parkinson strongly denied Mr Heath's allegation that there was a "dirty tricks department" at Conservative Central Office operating against him.

Monday Club, Page 9

Woolworth in £20m DIY deal

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

F. W. WOOLWORTH is to expand its stake in the do-it-yourself market substantially by acquiring the privately-owned Dodge City DIY retailing chain for £20.1m cash.

The deal, which depends on approval from the Office of Fair Trading, will make Woolworth one of the leading DIY retailers in the UK and will create the first national DIY chain. It comes only 14 months after Woolworth made its entry into specialist DIY retailing with its acquisition of B and Q (Retail).

The Dodge City deal would give Woolworth a chain of 81 DIY stores with a total selling space of about 2m square feet. This is equivalent to about a fifth of Woolworth's total selling space in its 1,000 High Street stores.

Woolworth's expansion in DIY comes as it is still struggling to develop a successful trading formula in its traditional areas of retailing.

The takeover is being made through B. and Q. (Retail), whose chairman, Mr David Quayle, is to join the Dodge City board.

Dodge City, which was started in 1974, is 85 per cent owned by Mr F. R. Northcott. Most of the remainder is beneficially owned by institutions managed by John Govett and Company. Mr Northcott is to leave the company once the deal is completed.

Woolworth refused yesterday to give any detailed financial figures for either Dodge City or B and Q, apart from admitting that there was "a lot of goodwill" included in the £20.1m price.

Woolworth was heavily criticised for paying about £13m in goodwill in the £16.6m acquisition of B & Q. City analysts were last night again suggesting that Woolworth may have paid over the odds for Dodge City.

City analysts also remain sceptical about the growth prospects for the DIY market in general. The market has slumped during the recession.

Mr Geoffrey Rogers, Woolworth's chairman, yesterday anticipated criticism. "We have been criticised for not being aggressive enough and this is our answer, to expand in a dynamic market," he said. "I am sure that our shareholders will be delighted at this move."

Most of the 49 B & Q outlets are in the South and Midlands, while the 32 Dodge City stores are mainly in Scotland and the North.

Woolworth remains convinced of the long-term growth prospects for DIY retailing. It also believes that, with the sector at present overcrowded with competitors, its future growth depended on a substantial acquisition.

"This will give us the size and strength to compete successfully during the 1980s and into the 1990s," Mr Quayle said.

The extent of the competition in DIY retailing is shown by the J. Sainsbury supermarket chain, which today in Leeds opens it second Homebase DIY store. Sainsbury plans to open another six Homebase stores in its next financial year.

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Japan to quit trade talks with Europe and U.S.

BY GILES MERRITT IN BRUSSELS

JAPAN HAS pulled out of special "trilateral" trade talks with the U.S. and the European Community planned in New York at the end of next month.

Tokyo's decision to withdraw risks provoking a serious deterioration in its relations with Brussels and Washington.

The proposal for a three-cornered forum designed to anticipate and avoid potential friction in trade relations has been the subject of protracted on-off negotiations for several months.

The Japanese, however, seem to fear that the talks may drift away from the original objective and end with the U.S. and the EEC joining forces against them.

With the EEC's 1981 deficit on trade with Japan estimated by the European Commission at $15bn (£7.9bn), up $3bn on last year's gap, and that of the U.S. with Japan heading for a record $14bn, the Tokyo Government's decision not to take part in the New York talks is liable to trigger renewed demands for protection from "sensitive" industries on both sides of the Atlantic.

Japan has not ruled out all chances of trilateral talks, and suggests that because of difficulties in choosing an acceptable date, they might be held early next year.

But the signs are that the indefinite postponement of the meeting reflects important Japanese reservations over the precise status of the talks.

Japan requires firm undertakings from the U.S. and the EEC that the meeting would not develop into a negotiation for imposing curbs on Japanese exports. U.S. and EEC assurances that they will not "gang up" on Japan do not seem to meet that requirement fully.

Japan is also objecting to proposals that Canada should take part in the talks. The Canadian Government has submitted that otherwise it would be the only participant in the seven-power Western economic summit, which launched the trilateral talks idea in Ottawa in July, to go unrepresented.

Procedural wrangles have dogged the negotiations for setting up the New York meeting, but are unlikely to disguise the growing level of resentment, particularly in Brussels, over Japan's failure to discuss her soaring trade surplus.

Last week Herr Wilhelm Haferkamp, the EEC External Affairs Commissioner, warned a top-level delegation of Japanese business leaders that unless the trade gap was soon narrowed "breathing space" import controls could be imposed by the EEC.

The Brussels Commission's unprecedentedly clear threat was that protectionist curbs greatly limiting Japanese access to EEC markets for cars, televisions and machine-tools over a five-year period were being actively considered.

In a statement that stressed the "current unacceptable trend" in which the EEC's import-export cover ratio with Japan had fallen to just 35 per cent, Herr Haferkamp referred pointedly to Japan's renewed commitment at the Ottawa Summit to safeguarding "smooth functioning" of international trade.

Herr Haferkamp's demand for "concrete steps" by Japan was made while Tokyo's answer on the trilateral New York talks was still being awaited.

Commission officials yesterday were reluctant to speculate as to Brussels' formal reaction to the Japanese decision.

Japan's trade surplus with EEC "shrinking," Page 6

Tax threat to man's best comrade

By David Satter in Moscow

THE SOVIET Government plans to impose a tax on dogs in a bid to conserve dwindling supplies of meat, save gas and bath water and bolster state revenues.

The proposed levy is so high that hundreds of thousands of meat-eating pets are expected to be destroyed.

Meat has disappeared from the shelves of State-run shops in many regions and there were further signs yesterday that shortages will worsen.

Moscow agriculture officials admitted yesterday that this year's grain crop may be less than 170m tonnes—some 66m tonnes below target.

Short of grain to feed animals through the winter, the Soviet Union may be forced to slaughter half-fattened cattle and breeding stock.

While this may temporarily ease meat shortages, in the longer term it will aggravate already severe deficits.

A draft law on "The Regulation of Maintenance by the Population of Unproductive Household Animals" calls for a limit of one dog or cat in each household and an annual tax of 200 roubles (£154) for a large dog and 120 roubles for a lapdog.

It is expected to come into force early next year.

In a country where the average monthly salary is about 140 roubles and pensions start at around 40 roubles, the new regulation is expected to lead to the destruction of hundreds of thousands of pets.

The official explanation for the law is that it is a response to a wave of complaints over the lack of supervision of pets.

The true motivation, however, is understood to be the need to free more meat supplies for human consumption, to provide the Government with a further explanation for declining meat supplies, and to increase state revenues without taking the politically sensitive step of raising meat prices.

Pravda, the Communist Party newspaper, recently reminded readers that meat was sold in state stores for half its actual cost and said that studies had shown that dogs consumed meat worth 1.5bn roubles every year.

The paper also noted that pets are subsidised bread and milk products and put pressure on supplies of gas and water provided by the state, because of the need to wash them.

Guinness Peat denies bids

BY BARRY RILEY

MR EDMUND DELL, chairman and chief executive of the troubled commodities and banking group Guinness Peat, dismissed suggestions yesterday that takeover bids had been received for the group.

"There are no bids for the group," he said, "obviously we have had discussions with a number of other parties with regard to possible collaboration activities."

Suggestions of a rift between Lord Kissin, the group's founder and president, and Mr Dell and other senior executives, have fuelled speculation about Guinness Peat's future. The share price rose by 5p to 89p yesterday, making a gain of 11p in two trading days.

The group's problems were highlighted last month when it announced a collapse in attributable profits after tax from £5.98m to £2.05m, and cut the year's dividend from 7p to 4p a share.

The annual report, published today, shows that total borrow-

Continued on Back Page

Harsh penalties for Romanian food hoarders

BY LESLIE COLITT IN BERLIN

THE Romanian Government has introduced harsh punishments for hoarding food to combat food shortages and panic buying. A decree signed by President Nicolae Ceausescu makes hoarding of more than a *month's supply of food a crime* punishable by up to five years' in gaol.

The Romanian news agency said tough sentences would be given to Romanians who had hoarded food and failed to return it within a three-day period. The new law also stipulated prison terms for the sale of food in excess of limits set by the authorities.

The agency said President Ceausescu visited food markets in Bucharest to see whether the latest measures to increase supplies were being carried out. He told market managers and officials to improve distribution methods so that workers would receive regular supplies of meat, fish, eggs, vegetables and cheese.

A recent visit by the Romanian leader to a food market in the capital was greeted with astonishment by many Romanians when they saw on television and read in their neswpaper as a result that the market was amply supplied with *meat, cooking oil and other* scarce items. Some Romanians blamed the "deception" on President Ceausescu's advisers who, they said, were attempting to hide the shortages from him.

Officials say the shortages stem from poor distribution rather than lack of food. One officially noted recently that it was "amazing to see people queuing for grapes as we have an enormous grape production."

He said that if sugar was not in the shops on one day, then shoppers would buy as much as they could carry the next time it was available. A Romanian worker said that he had no chance to get meat or fish unless he plied sales personnel with Western cigarettes.

Per-capita meat consumption in Romania has risen from 16.7 kilos a year in 1950 to 62 kilos last year.

Daily television and newspaper reports of police raids on flats belonging to hoarders and speculators are a part of the Government's anti-hoarding campaign. Rooms are shown filled with confiscated sacks of sugar, crates of cooking oil and bundles of Romanian and Western banknotes, said to have been taken from speculators.

W. German industry fears worsening profits position

FRANKFURT — The profits position of many West German firms is very serious and will no doubt get worse later this year, Mr Rolf Rodenstock, president of the West German industry association, said yesterday.

In an interview with the Frankfurter Allgemeine Zeitung he said he did not regard last week's one percentage point cut in the Bundesbank's special Lombard rate as a turning-point in monetary policy. "There is no doubt that high interest rates continue to hamper German investment," he said. Concern over rising risks could lead banks to cut all lending to some companies.

According to federal statistics, West German bankruptcies fell to 950 in August from 1,060 in July, but were up on the August, 1980, figure of 730.

Company bankruptcies in August rose 35 per cent over August, 1980 to 681. Insolvencies among building firms rose 73 per cent to 152, those among trading firms 44 per cent to 181 and those among service firms 11 per cent to 147.

Bankruptcies in the first eight months of 1981 rose 24 per cent over the comparable period of 1980 to 7,360.

Reuter

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David Tonge reports on the mood in Greece which makes a Socialist election victory possible

The appeal of Papandreou's radical alternative

THE PROSPECT of Dr Andreas Papandreou, the *mercurial* Greek socialist, becoming Greece's Prime Minister in next week's general election has alarmed Nato, made businessmen anxious and affected the Drachma.

Dr Papandreou is offering a radical alternative to his country's present leadership. He talks of non-alignment, challenges Greece's membership of the military wing of Nato, and questions Greece's links with the EEC. He has the Greek *establishment alarmed, because* the mood in Greece favours change.

He says he will socialise most of the country's leading industrial groups. He offers more economic planning, and import controls. He combines elements of M Francois Mitterrand, now France's socialist President, and of Mr Tony Benn, who leads the radical wing of Britain's opposition Labour Party.

There was a time when people spoke of Greece's economic miracle. But that is now a distant memory. A fall in real earnings, 24 per cent inflation and a slump in growth are the realities of today. The country's much vaunted accession to the EEC 10 months ago has not led to the cornucopia many Greeks expected.

The Government of Mr George Rallis, the Prime Minister, appears listless. The right's rule in Greece dates back, almost unbroken, for about 50 years, and the opinion polls confirm, albeit unreliably, what any isitor senses—that many Greeks have had enough.

With Mr Constantine Karamanlis as President, many Greeks feel they can vote for a

Mr George Rallis: facing defeat at the polls

radical shift of government while knowing that in the last resort the President offers some guarantee of continuity. Relations between Karamanlis and Papandreou are good, even if there is an element of father and prodigal son in their relationship.

In Greece's last General Election, in 1977, Dr Papandreou's party, Pasok, won a mere 25 per cent of the vote, compared with the 42 per cent won by the New Democracy party, now headed by Rallis.

But, Pasok has since picked up the votes of the centre, and of its past leader, Mr George Mavros. The socialists are widely expected to come in ahead of Mr Rallis.

Dr Papandreou may not win an overall majority, but he has the qualified and uncomfortable support of the Communists. Their support is a mixed blessing, since Dr Papandreou is fundamentally anti-Communist,

Mr Andreas Papandreou, leader of the Greek Socialist Party, was quoted yesterday as saying that the party would seek to take Greece out of the European Community and the North Atlantic Treaty Organisation if it won the general election, Reuter reports from Bonn. Mr Papandreou was said to have told the West German magazine, Der Spiegel: "We think Greece should be neither a member nor an associate of the EEC. *Instead there should* be a special treaty."

***Likewise* on Nato Mr Papandreou was reported to have gone further than before in his criticism and to have complained that Nato did not guarantee Greece's security and national integrity. "The danger to Athens comes from Nato-member Turkey rather than from the Warsaw pact."**

A Socialist Government in Greece would draw up a timetable for closing U.S. bases in Greece. Greek forces would take control of their activities in the meantime.

and is determined to avoid being identified with them.

Mr Karamanlis brought Dr Papandreou back from the U.S. to head a new economic planning unit about 20 years ago. He has been at the centre of politics, through crises and coups, ever since. Yet he remains an enigma. What he would do once in power, and who his aides will be are mysteries. However, this need not harm him. The Greeks are cynical of most politicians.

In the past three years Dr Papandreou has faced the dilemma of all parties of protest suddenly faced with the prospect of power. He bitterly resents suggestions that he has softened his tune, yet the fact is that the ideologue in him coexists with a pragmatist who knows the Greek political scene like few others.

In 1967 the colonels snatched power from him and his father, George Papandreou, by preventing an election they would certainly have won. Some of his recent policies have been articulated to make sure history does not repeat itself.

A charismatic populist in public an articulate fatherly tutor in the privacy of his pine-ringed house above Athens, he has twice been imprisoned and forced into exile.

The first ocassion was before the war when he went to the U.S., becoming a professor of economics at Berkeley University in California. The second time was as a result of the colonels' 1967 coup. He blames Washington for that coup and the later troubles on Cyprus, but he is less hostile to the U.S. than before. He argues that the U.S. is no longer capable of projecting its power as it used to.

His calls for the withdrawal from Greece of the U.S. "bases of death" have long given way to demands that the bases be "isolated" from Greek society. He also says that negotiating on their future status would be delayed until at least March next year. The present Government's talks on the U.S. bases were suspended four months ago.

Mr Papandreou: denies any softening of tune

On the EEC, earlier demands for a referendum on membership have been replaced by emphasis on re-examining, inside the Community, the terms of membership and on seeking special and improved links.

On Nato, his party manifesto talks of questioning Greece's reintegration into the military wing of the Alliance and of removal of nuclear warheads from Greek soil. But suggestions of withdrawal from the alliance are put in the context of the "basic strategic aims" of the dissolution of both Nato and the Warsaw Pact.

Crucially, he leaves the door open for careful relations with the U.S. by stressing the need to protect the sources of weapons of the Greek armed *forces*—these are predominantly American.

Domestically, there is no question of compromise on a host of issues central to the quality of Greek life—such as the introduction of civil marriage, of more rights for women, a shorter working week and protection for trades unionists.

Like M Mitterrand, he would decentralise Government, but unlike him he is prepared to delay "socialising" business. He has said that before trying out his policies of bringing workers and local representatives into the administration of industry, he will try them out on public bodies such as OTE, the telecommunications organisation.

Now he insists: "We are not miracle workers." He stresses the need first to restore economic health, for a massive public deficit is one problem the next Prime Minister of Greece will have to tackle. A second problem is the need to raise at least $2bn on the Euromarkets next year.

A sign of his pragmatism is the emphasis he puts on learning from the experience of France under Mitetrrand. The maverick of the 1960s and crusader of the early 1970s has attracted followers who wish Pasok to remain the "national liberation movement" which it once proclaimed itself.

Dr Papandreou so controls the party that he can limit such challenges. The west may still have to accept that he articulates both the frustrations of a long closed society, and the anger of many Greeks who believe their history is that of a pawn on the chessboard of the great powers.

It is questionable how fast and far he would press his slogan of "Greece for the Greeks," but where the Turks are concerned this nationalism could spell difficulties.

Conservatives promise Norwegians a cut in Labour's taxation

BY FAY GJESTER IN OSLO

CHANGE OF government in Norway this week will save Norwegians from having to pay higher income taxes in 1982, a leading Conservative politician promised yesterday.

Mr Rolf Presthus who will be Finance Minister in the Conservative Government which takes office tomorrow was commenting on the budget for 1982, as tabled by the out-going Labour Government yesterday.

Moderately expansive, *Labour's budget represents a* compromise between the conflicting aims of maintaining employment at the present high level, with fewer than 2 per cent unemployed, and trying to curb rising demands and price trends.

Nevertheless it provides for a rise in income taxes overall, and if approved as it stands, would reduce the real disposable incomes of most Norwegians next year.

Mr Presthus said that the new Administration would make "a number of changes" in the budget to reduce tax burdens. *It would finance these, as far as* possible, by cutting proposed spending, since it was important not to increase the budget's inflationary effect.

The head of the employers' association Mr Pal Kraby has already criticised the Labour proposals, as "not tough enough." He also deplored the Finance Ministry forecasts, published with the budget, that wages would rise by about 11 per cent in 1982. This kind of prediction "encouraged unrealistic expectations, by wage earners, Kraby complained.

Although the draft budget *foresees increases in* Government spending and income transfers, from 1981 levels, the rate of increase is modest compared with recent years. The budget deficit before loan transactions, corrected for oil revenue is put at NKr 19bn (£1.8bn) only NKr 400m up from this year. As a percentage of gross national product excluding oil and shipping, it is actually a little lower—6.5 per cent compared with 7.1 per cent in 1981.

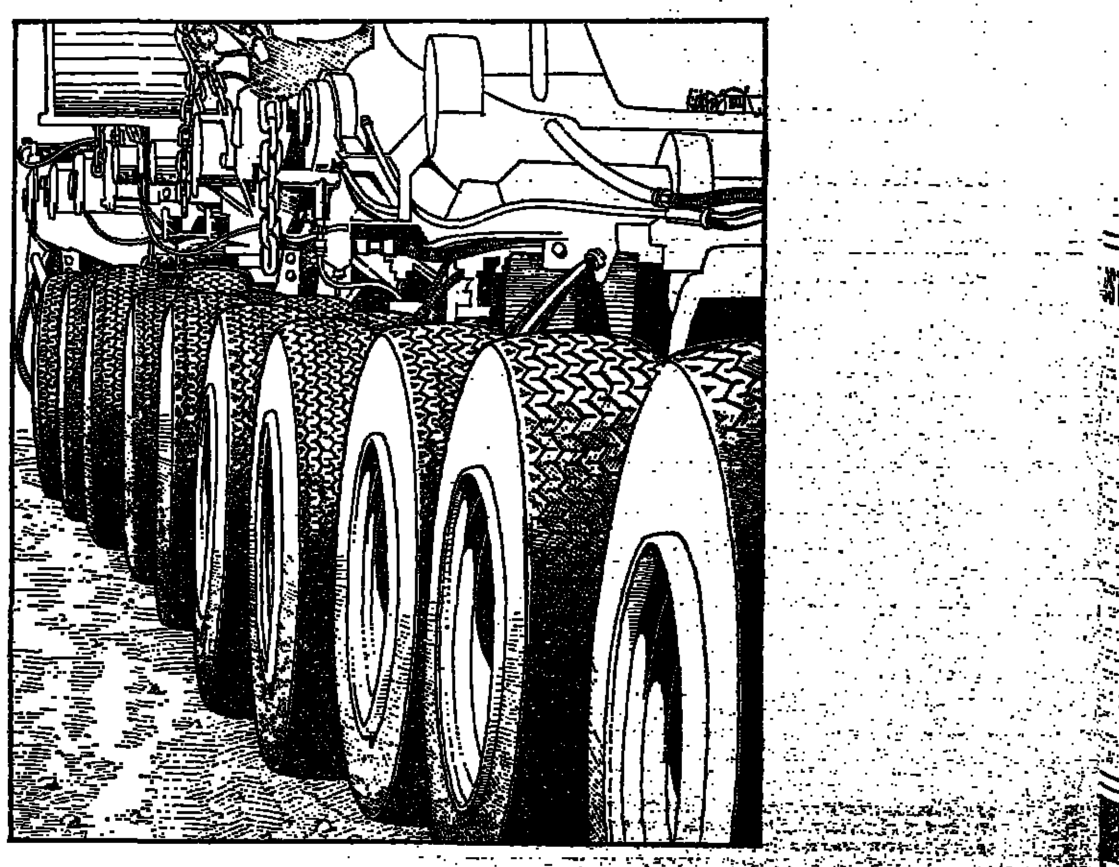
Total expenditure is put at NKr 139.3bn before loan transactions, 11.7 per cent up from this year, and revenue at NKr 149.7bn (including oil tax revenues totalling NKr 29.4bn), 11.1 per cent up, giving a surplus before loan transactions of NKr 10.4bn.

But the deficit on loan transactions, as a result of Norway's large state debt, is estimated at NKr 17.7bn, leaving a borrowing requirement of some NKr 7.3bn, 6.9 per cent higher than this year.

For the first time since Norway became an oil producer, the share of total revenues contributed by petroleum taxes is expected to *fall slightly from a* year earlier—to 19.5 per cent in 1982 from about 19.9 per cent in 1981. Petroleum tax receipts from next year are expected to reach NKr 29.4bn (NKr 26.9bn in 1981).

Income from other sources is estimated at NKr 120.3bn, 13.4 per cent up from 1981. Personal income-tax will increase from this year, despite an adjustment of tax scales to allow for inflation, because temporary concessions granted this autumn are not being extended. Take-home pay will also be reduced by an increase in social security contributions.

Children's allowances and old age pensions will rise.



EEC Commission tries to lower internal barriers

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission is making a bid to cut through the internal barriers that distort and prevent trade inside the European Common Market.

A package of 70 trade liberalisation measures that since 1973 have become frozen inside the EEC's decision-making machinery by different member Governments' national objections is to be presented to mid-November Foreign Ministers' Council for approval.

Herr Karl-Heinz Narjes, the West German EEC Commissioner responsible for internal market questions, yesterday described the approval of these various deadlocked measures as being vital to the "credibility of the Common Market."

The measures that he is attempting to resuscitate range from fiscal harmonisation and the abolition of "red tape" non-tariff barriers to a score of draft directives that would ensure free trade inside the EEC in cars and industrial equipment.

Although the Commission does not expect the Council of Ministers to reach agreement on the package, it does expect the whole question of the EEC's internal market to be placed on the agenda of the Heads of Government talks in London at the end of next month.

Following the European Council's reference in the communique after its June 28-29 meeting to the need for freer intra-EEC trade, the Commission is now aiming for an even stronger political directive from the Heads of Government.

Progressive withdrawal of national objections tq internal trade liberalisation is seen by Commission officials as essential for a new industrial strategy now being evolved inside the Commission. To develop new innovative industries it is being urged that Europe's domestic market must be made comparable to that of the U.S. or Japan.

A major obstacle that the Commission's tactics are unlikely to overcome is the fear in a number of European capitals of the effect on imports that freer trade inside the EEC might have.

The French Government is understood to have made it plain that it would oppose any such measures until a satisfactory external regime governing imports of sensitive goods from non-EEC states has been established.

Ustinov call to Poland

MOSCOW—Marshall Dmitry Ustinov (above), the Soviet Defence Minister, has called for stronger Soviet-Polish military ties to combat Western aggression, the Soviet news agency, Tass, said yesterday.

In a telegram to the Polish Prime Minister, General Wojciech Jaruzelski, to mark Polish army day, the Soviet Minister said that strengthening Soviet-Polish friendship and co-operation was especially significant as the aggressiveness of the forces of reaction and militarism grew.

"We will further strengthen in every way possible our fraternity in arms and close co-operation of our armies, based on the task of defending the vital interests of the Soviet and Polish people and the common goals of the Warsaw treaty member-states."

Marshal Ustinov's message underlined Soviet charges that the West was trying to use Poland's political and economic problems to undermine Communist rule.

Reuter

Strike call hits Renault and embarrasses Cabinet

BY TERRY DODSWORTH IN PARIS

ALL 13,600 workers at Renault's Billancourt car works in Paris are being called out on strike this week in a conflict which is threatening to become a test of th French Government's industrial relations policy.

Details of the strike action are to be decided today by the four big unions involved at the plant, which is traditionally the most militant in the nationalised Renault group. Their decisoin follows the company's week-end announcement of 4,000 lay-offs following a series of disputes which led to component shortages and lost production of 7,000 R5s.

The unions yesterday attacked the company for the lay-offs, as well as for its refusal to negotiate about eneral plant conditions at Billancourt, an old and outdated factory close to the company's hed-office in the Paris suburbs. Their criticism is directed at Renault's refusal to discuss grievances until the plant is working normally.

Although only 600 workers have been on strike since the row began about three weeks ago, the dispute represents a danger to the Socialist Government because of Renault's position as the leading and most respected of companies already nationalised.

The debate on further nationalisation measures, designed to bring almost all French banking and the country's main industrial concerns under state ownership, begins in the National Assembly today. Thus the debate could hardly have come at a more embarrassing time for the authorities.

But quite apart from the political capital the parliamentary opposition is likely to make out of the dispute, it is also raising questions about the Government's approach to industrial relations.

During the election campaign and since the unions were promised a much more important role in company decision-making, while the Socialists have also promised to make the nationalised companies the standard bearers for social progress. Underlying the conflict at Billancourt, which is ostensibly about working conditions and pay, is agitation for this broader development of workers' rights.

These arguments put the Government in the position of having to make an awkward choice. If the strike goes on for any length of time and it fails to intervene, the unions can accuse it of failing to carry out its election promises on the development of trade unionism.

If it intervenes, on the other hand, it will be in direct conflict with repeated promises to allow the nationalised companies the freedom to manage themselves.

Spanish treaty talks in U.S.

By Robert Graham in Madrid

KING JUAN CARLOS of Spain left Madrid yesterday for a two-day official visit to the U.S. The visit comes at an important juncture in Spanish-American relations, with the two countries renegotiating their defence treaty.

Spain will also attach importance to obtaining a clear and public endorsement of Spanish democracy from President Reagan.

The King and Sr Jose Pedro Perez Llorca, the Foreign Minister, are expected to discuss the form in which the bilateral defence treaty should be renewed. This fell due on September 21, but the treaty has been extended for eight months while Spain applies to join the North Atlantic Treaty Organisation.

Excessive

The issue of arms purchases, especially aircraft, is also expected to be raised. Spain has been considering purchase of the F-16 or F-18. But it is demanding substantial offset arrangements which the U.S. is understood to consider excessive. This, in turn, has led the Spanish to be cooler about the U.S. aircraft and Madrid is also assessing the Tornado produced by the European consortium, Panavia.

Budget cuts have reduced the number of aircraft sought from 144 to 96, according to Press reports. As the 1982 budget proposals make no provision for the purchase, it seems clear that nothing will be done until 1983.

UK under pressure on rebates

BY JOHN WYLES IN BRUSSELS

The UK may come under pressure soon to return up to a quarter of its special rebates from the EEC budget because its payments to Brussels in 1980 and 1981 are likely to be substantially less than estimated.

This was not forseen when the then Nine reached the celebrated agreement on May 30 last year to cut the UK's 1980 and 1981 budget payments by £1.5bn.

The agreement had a special formula for increasing the rebates if Britain's net payments were larger than estimated, but had no provision for making an adjustment if they were smaller.

This looks likely, according to confidential Commission estimates, which are leading some member states to take the view that the EEC should recoup from the UK a budget windfall which may total as much as 741m units of account (ua) (£430m) for 1980 and 1981.

The May 30 agreement was based on an estimate of the UK's probable unadjusted budget transfers to which fixed rebates of 1.175bn ua (£681m) in 1980 and 1.410bn ua (£818m) in 1981 were to be applied. As a result the agreement envisaged British net payments to the EEC budget of 609m ua (£353.2m) last year and 730m ua (£423m) this year.

The Commission's estimates, still tentative in the case of 1981, suggest that after applying the agreed adjustments, the UK's net payments for 1980 could be as low as 375m ua (£217m) and only 219m ua (£127m) this year.

This is because London's actual net transfers for 1980 look likely to have been around 1.55bn ua (£900m) instead of the 1.784bn forecast last year.

The Commission is less confident of the final outcome for this year but, at its lowest, the suggested figure is 1.627bn ua instead of the 2.140bn ua anticipated in last year's agreement.

Six-point plan for synthetic fuels

PARIS — A six-point plan adopted by industrial countries to expand production of synthetic fuels could significantly increase their energy self-reliance by the end of the century, the International Energy Agency in a report said yesterday.

The report, drawn up by experts of the 21 member countries, was prepared after decisions taken by leaders of the seven main industrial nations at their economic summits in 1979 and 1980 to cut oil use and maintain economic growth.

Energy Ministers from all IEA countries approved the report last June and the IEA staff will now monitor their progress.

The report says the equivalent of an extra 1.6m to 2.6m barrels of oil a day could be produced in the form of liquid fuels and gas by 1990 from six alternative sources to oil.

If enough industrial plants are built this decade to reach the 1990 target, these synthetic energy sources could produce the equivalent of an extra five to 11.6m b/d by the year 2000. This compares with current total oil output from countries in the Organisation of Petroleum Exporting Countries of about 20m b/d.

The experts examined commercial projects for producing synthetic fuels from such sources as conventional oil from tar sands, heavy oils and oil shales, direct and indirect liquefaction of coal, gas from coal, liquids from natural gas, new coal combustion technologies and products such as cellulose.

Mr Donald Kerr, U.S. chairman of the group of experts, told reporters that problems could be caused by the high cost of building plants for the new technologies, long construction times, high interest rates and budget constraints in many countries.

Swiss oil hunt needs more funds

By John Wicks in Zurich

SWISS oil and gas exploration will come to an end next year unless a Government loan is forthcoming. Swisspetrol, the holding company for nine regional exploration companies, says that its existing funds will be enough to finance only three more drilllings.

The company, which is controlled by five major Swiss banks and the industrialist Dr Max Schmidheiny, has asked the federal authorities for a loan of SwFr 10m (£2.9m). This is said to be necessary to retain national control over Switzerland's hydrocarbon effort.

An unnamed foreign partner is reported by Swisspetrol to be prepared to take part in an eight-year oil and gas research programme costing a total of SwFr 150m. Swisspetrol would be expected to contribute 10 per cent of the cost, the necessary SwFr 15m consisting of the Government loan the company has now applied for plus SwFr 5m to be raised with private enterprise.

Should the programme result in a find, Swisspetrol would have to provide a further 41 per cent stake. This would mean 51 per cent Swiss control in the case of oil or gas being found in Switzerland, otherwise there would be a 90 per cent foreign share in the costs.

Over the past 25 years a total of almost SwFr 200m has been spent on the Swiss oil and gas search, without any commercial production resulting. A gas strike in the Entlebuch region of Canton Lucerne is seen as promising, however. It is this find which is understood to have attracted the foreign partner.

Slowdown in economy forecast

By Our Zurich Correspondent

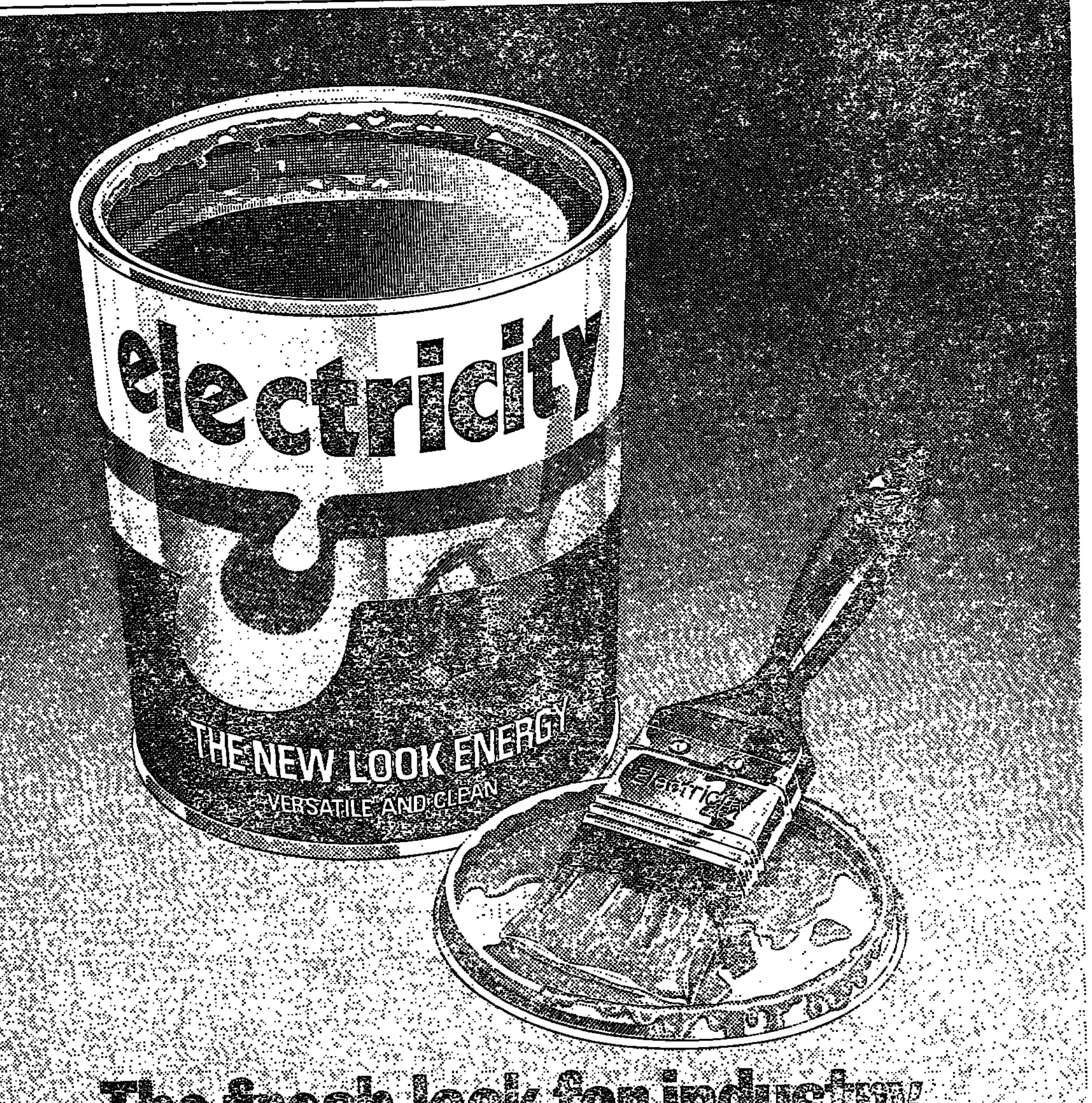
SWITZERLAND'S economy is in the process of slowing down, according to two new forecasts. This follows a sharp real-terms increase of 4.4 per cent in the country's gross domestic product in 1980.

The Basle economic research working party expects gross domestic product to decline by a price-adjusted 0.4 per cent for the current year, partly as the result of destocking. Real-terms is seen as remaining unchanged in 1982.

The volume of private consumption, which rose by 2.5 per cent last year, is expected to increase by only 0.2 per cent in 1981 and 1.7 per cent next year. Public sector demand should go up by a real 1.5 per cent and 0.9 per cent, respectively, after improving by 1.6 per cent in 1980.

The Union Bank of Switzerland says that prospects for industry have become "rather less favourable" in the final quarter. The strengthening of

A crisis to be envied, Page 24



David Lascelles reports on two sharply-conflicting views of Reagan's economic programme

'Best break for business since World War II'

WALL STREET may still nurse deep doubts about President Reagan's plan to get the U.S. economy back on its feet. But big business is hopeful, and is even prepared to stake a few cautious dollars on its success.

"There is tremendous support for Mr Reagan in the business community," said Mr Walter Wriston, chairman of Citicorp, the largest banking group in the country. "But turning this economy round is like steering a supertanker. It takes time. Give it six to eight months."

Mr Wriston was speaking at The Homestead, the luxurious spa resort at Hot Springs in the mountains of Virginia where executives from the largest U.S. corporations gathered at the weekend for the six-monthly get-together of the Business Council.

As many thoughts and words were exchanged on the golf course and the tennis courts as in the conference room.

But there were also some heavy sessions with senior members of the Administration such as Mr Donald Regan, the Treasury Secretary, Mr Ed Meese, the White House Counsellor, and Mr Malcolm Baldrige, the Commerce Secretary.

All urged the businessmen to show faith in the Reagan policies by investing for growth.

The executives had before them a report from their economists predicting that the economy will stop "moving sideways" by the end of this year and notch up a 4 per cent rise in real Gross National Product next year, double this year's rate.

This is less than the 5.2 per cent forecast by the White House, but the report was still optimistic in tone.

The spurs to growth will be a noticeable, though modest, decline in interest rates, and a boost to business from the Reagan tax cuts which, the businessmen agreed, will help them generate more capital internally and boost investment outlays.

The economists also say that the recent sluggishness in the economy is not a recession as some have claimed, but merely a lull in the expansion that began last year.

They also expect the rate of inflation to keep coming down.

The biggest blot on this otherwise beguiling horizon is unemployment, which the Business Council's economists expect will fall only slightly, from 7.5 per cent to 7 per cent. This prompted some businessmen to voice unease about serious opposition to "Reaganomics."

But most executives said they felt sufficiently encouraged by the prospects to raise capital spending. They were far from unanimuos about this, which suggests that individually they nurse greater doubts than the consensus.

Mr Charles Brown, chairman of American Telephone and Telegraph, the giant utility, will be investing $188bn (£9bn) next year.

This, he said, marked an increase in real terms. His biggest competitor, Mr Theodore Brophy, chairman of General Telephone and Electronics, will be raising outlays by 10 per cent.

Another optimist, Mr Stephen Bechtel, chairman of the large San Francisco engineering group that bears his name, said his company will be investing 15 per cent more in real terms next year. "People are looking 5-8 *years ahead*, and they are very optimistic," he said.

But Mr James Evans, chairman of Union Pacific, the large railroad, mining and energy company, finds his fortunes mixed. Energy is booming, and will need large amounts of new investment.

But mining is mixed, with coal up and other minerals such as uranium sharply down. The railroad is also in the doldrums until the economy picks up.

Air transport has its problems, too. Mr T. A. Wilson, chairman of Boeing, has thinner order books because of losses in the airlines, and his capital improvement programme is being scaled back. He is considering shifting a greater share of his business into military contracting, which is booming, thanks to the Reagan emphasis on defence.

Many executives pointed out that investment cycles and lead times are so long these days that short-term fluctuations in interest rates have little or no impact on capital spending decisions. The steel industry, a much-quoted example, has to invest to compete with the Japanese, even though U.S. mills are running well below capacity.

Mr Reagan's tax breaks for business — particularly the *generous capital recovery allowances*—will certainly encourage investment. "They will make a bid difference to our capital programme," said Mr Brown of AT and T, which is the second largest borrower on the U.S. capital market after the U.S. Government.

As they mingled in The Homestead lobbies, the executives were, if anything, overselling the Reagan programme, which many of them described as the best break for business since World War II. "Boosting Reagan is boosting business," one said.

Kaufman delivers cheerless message

"THERE IS an increasing uneasiness about our business and financial prospects, not just on Wall Street but throughout the nation," according to Dr Henry Kaufman, Wall Street's consistently gloomy guru, who delivered this cheerless message yesterday, David Lascelles writes.

His speech contrasted sharply with the upbeat tone of the Business Council meeting and suggested that things are getting worse, not better as the businessmen believed.

***In his first major utterance* in several weeks, the Salomon Brothers' economist said he still believed interest rates were ultimately heading upwards, despite the recent drop. He described the economy as "faltering," not strengthening.**

Dr Kaufman based his gloomy view largely on what he sees as a clash between the Administration's tight monetary policy and its failure to bring the Federal budget into better balance. "The magnitude and scope of the U.S. Treasury's cash needs alone are awesome for a sputter-and-spurt economy," he said.

He is also worried about declining liquidity in the U.S. credit system, which none of the present Administration's policies are about to reverse. "Indeed, a noose is now tightening around the credit markets, painful in some sectors, but not yet too uncomfortable in others," he said.

Mr Kaufman predicted that long-term bond yields will hit record highs the moment the economy starts another spurt. But he foresees a further drop in interest rates in the period immediately ahead, to take the prime rate down from 18.5 per cent to 16-17 per cent.

Reagan move on budget faces Congress clash

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration has decided on an unusual temporary action which could bring a clash with a Congress jealous of its Budget-setting prerogatives, in order to hold down public spending in the current fiscal year that started on October 1.

The White House has told all domestic agencies to "defer" their spending over the next six weeks by a total of $1bn.

The sum is not great, but the Administration reckons that every saving counts in its struggle to keep the 1981-82 Budget deficit within its $43.1bn target.

The U.S. Government is at present spending more on social domestic programmes, and less on defence, than President Reagan wants.

This is because, in the absence of final Congressional passage of appropriations Bills completing the 1981-82 Budget, the Government is ticking over on a "continuing resolution" which sets spending at last year's levels. But the 1980-81 Budget passed under the former President Mr Jimmy Carter had quite different priorities to Mr Reagan's.

There is nothing that Mr Reagan can do to boost defence spending until Congress completes its appropriations process. But he can try temporarily to trim domestic spending on his own, and has decided to send Capitol Hill a series of "deferral" proposals which would last until the continuing resolution runs out on November 20.

Either House of Congress can overturn a "deferral," but the White House calculates that if it sends up a blizzard of several hundred deferral proposals a good many will slip through the legislature.

Mr Ed Meese, the top Reagan policy adviser, said over the weekend that the Administration was not trying to frustrate final Budget decisions by Congress but rather taking sensible stop-gap action.

Continental Airlines pilots agree to 10% pay cut

BY IAN HARGREAVES IN NEW YORK

CONTINENTAL Airlines of the U.S. yesterday joined Pan-American World Airways and Braniff International in winning from its employees agreement on a 10 per cent pay cut.

Continental's 1,680 pilots agreed to the cut, retroactive to October 1 and said they would also consider forgoing pay increases worth almost 10 per cent due in two stages next year.

Continental is still negotiating with other staff groups on pay cuts, which have become increasingly common in the U.S. in the past year.

Over a year ago, workers at Uniroyal, the tyre and rubber company, agreed to make concessions and they have been followed by tens of thousands of other workers in the motor, steel and farm equipment industries.

The Teamsters' union, which represent 300,000 truck drivers, last month agreed to re-open its master contract with the road haulage industry, which is *suffering both from a patchy* economy and the turbulence caused by the partial deregulation of the industry by Congress.

For Continental itself, however, the biggest immediate question is not labour costs but who will control the company.

President Ronald Reagan was due to rule by mid-night tonight on a takeover bid by Texas International Airlines for Continental.

Given that the Civil Aeronautics Board has recommended approval, it would be highly unusual for the President to block the deal, although there was some hope within Continental that he might refer the issue back to the CAB *for further study in the light* of the grave economic problem the airline industry is now suffering.

Continental has tried to head off the bid with a plan to take the company into employee ownership. But this has met with numerous obstacles.

● Substitute air traffic controllers, who have kept the U.S. airports open since a strike of controllers began on August 3 should have their workload *reduced in order to prevent un*desirable stress and fatigue, according to a study by the National Transportation Safety Board.

Hard times catch up with Barbados

BY TONY COZIER IN BRIDGETOWN

LIKE ITS cricketers, the economy of Barbados has frequently been held up as a model for its Caribbean neighbours.

Despite a lack of natural resources, a mere 166 square miles in area and only 250,000 inhabitants, the island has managed to avoid most of the economic problems which have buffeted so many other Caribbean mini-states of late.

According to recent World Bank figures, Barbados's per capita Gross National Product of $3,040 (£1,500) annually puts it fifth among non-oil developing countries behind Oman, Trinidad and Tobago, Cyprus and the Bahamas. The general prosperity is evident in a relatively high standard of housing, the thousands of new Japanese cars which choke the tiny roads, the well-stocked supermarkets and the construction which seems to be going on everywhere.

Steady economic growth has been based in buoyant tourism, expanding light manufacturing and the old faithful, sugar. This is not the king it once was but still a vital earner of foreign exchange.

A tradition of stable government, sound financial management and occasional luck have made Barbados the envy of many of its neighbours. When *oil prices quadrupled* in the winter of 1973-74, the island was saved a severe shock by a good sugar crop and high prices on the world market.

In recent years, small, but important oil deposits have been discovered, now meeting nearly a fifth of the island's needs.

With the exception of the hiccough in 1974, Barbados's real Gross Domestic Product has climbed steadily in the past decade, from just under B$600m in 1971 to just over B$800m in 1980.

Suddenly, in the past few months, Barbardos's luck has run out.

Unusually wet weather during the dry season when the crop is reaped, a late start to reaping and the cumulative effects of arson over the years reduced sugar production by 25 per cent. With a depressed world market, export earnings will be down B$43m (£10.5m) compared with 1980.

The other two main sectors of the economy, tourism and light manufacturing, have also declined after several years of steady and, in some cases spectacular growth.

Visitor arrivals are down per cent for the first six months of the year compared with the same period in 1980. Output and exports in the island industrial plants, turning out goods such as garments, electronic components, and sporting equipment for the North American market, have fallen off by 5 per cent as well this year.

These are telling setbacks. Between 1977 and 1979, tourism grew by more than 20 per cent annually and was up 3.8 per cent in 1980 so that tourist receipts reached B$502m. Industrial output grew 6.1 per cent in 1980 over 1979.

Everyone is looking for reasons for the slump and points to increasing crime against tourists and wage levels which do not compare favourably with competition in the Far East. The truth is that the facts of modern economic life have caught up with Barbados. The economy is heavily dependent on North America and Europe, for buying its exports and supplying its tourists, and the recession there is now having its effect on the island.

The Prime Minister, Mr Tom Adams, who is also Minister of Finance, and whose government was returned for a second term in office in general elections last June, has had to move fast to check the economic decline.

At the first sitting of the new Parliament, Mr Adams announced that the Government could face a budget deficit to the tune of B$187m for the current financial year if the trends were allowed to continue. The deficit would be more than double that of any previous year.

Mr Adams has raised fares on state-run buses and licences of private mini-buses, taxis and tour coaches. He has reduced import quotas on motor vehicles from B$25m to B$15m and made their purchase on credit more difficult and imposed a 1 per cent salary levy on all those receiving national insurance to help pay for transport, road and health services — hardly popular measures.

Mortgage interest rates have gone up and the central bank has increased the prime lending rate from 11 to 13 per cent and the average lending rate from 12 to 14 per cent.

Hard times, it is clear, are catching up with Barbados.

Israel 'regrets' call by Ford and Carter for talks with PLO

BY DAVID LENNON IN TEL AVIV

ISRAELI OFFICIALS yesterday expressed "regret" that the former American Presidents Mr Gerald Ford and Mr Jimmy Carter had said that the U.S. should hold a dialogue with the Palestine Liberation Organisation.

In a joint interview on their flight back to the U.S. from the funeral *of President Sadat in* Cairo on Saturday the two former Presidents said reality dictated that contact between the U.S. and the PLO must be initiated at some stage.

Mr Carter said he hoped it *would be possible to have simul*taneous recognition by the PLO of Israel's right to exist at the beginning of discussions between the U.S. and the PLO.

The Israeli officials said that the former Presidents "certainly know" that the PLO is as committed as ever to the destruction of Israel.

"It is in vain that anyone should search for any moderation in the PLO position," the officials said.

Jerusalem *also criticised* the timing of the statement, saying "it is especially inappropriate coming so soon after the PLO expressed joy over the assassination of President Sadat."

The officials said that "at a *time when there should be* general support for the peace process, statements such as these can only encourage the PLO and the other rejectionist factions in their struggle against peace in the Middle East."

Mr Alexander Haig, the U.S. Secretary of State, said on his *return to Washington* yesterday that U.S. policy toward the PLO had not changed — no negotiations with the PLO until it has recognised Israel's right to exist within secure borders.

Reuter adds from Beirut: A senior official of the PLO said yesterday the organisation had no interest in dialogue with the U.S. as proposed by the two former Presidents.

Yasser Abed Rabbo, a member of the 15-man PLO executive committee, said: "Such individuals views do not interest us at all.

"*These statements are* only meant to cover up the real policy of the current U.S. Administration, which has as its primary aim the liquidation of the PLO and the national rights of the Palestinian people."

AP adds from New York: The U.S. and Egypt will soon form a joint military commission to develop a response to any Libyan attack on the Sudan and thwart Soviet-backed aggression in North Africa, according to Newsweek magazine.

In Tel Aviv, an Israeli newspaper said the U.S. had already greatly increased its *naval presence off the Egyptian* coast. Maariv reported that the aircraft carrier Nimitz, two large warships and some smaller ships were cruising north of Alexandria.

President Mobutu: half his team dropped

Mobutu sacks Ministers

President Mobutu Sese Seko of Zaire has reshuffled his Cabinet, dropping almost half of the 26-member team, including Vice - Premier Bomboko Lokumba, the Zaire news agency Azap has said, Reuter reports from Kinshasha. The Finance and Budget Ministry is being kept by Pa Idzumbuir Bolumbu Nkoy, the agency said.

Mr Bomboko, also Foreign Minister, has been replaced as Vice - Premier by Mr Yunduawe Te Pemako. The Foreign Ministry went to Mr Yoka Mangono.

Rail debt paid

Zambian Railways (ZR) announced yesterday it would allow certain rail services to and from Zaire following Zaire's payment of half of a $4m debt, Reuter reports from Lusaka. Much of Zaire's vital copper exports are shipped through Zambia to South African and Tanzanian ports.

Singapore president

Singapore's next President is to be Mr C. V. Devan Nair, a veteran leader of the republic's National Trade Union Congress, which is *closely allied to the ruling* People's Action Party. Kathryn Davies writes from Singapore. Mr Nair, 58, was imprisoned by the British for five years during colonial rule for alleged communist sympathies. After independence he supported Prime Minister Lee Kuan Yew's tight reign on union activities.

Malay editor held

The editor of the Malay newspaper "Watan" was arrested *yesterday on suspicion of* allowing his paper to be used to spread "communist propaganda," a home affairs ministry statement said. AP reports from Kuala Lumpur.

Reserves fall

The value of South Africa's foreign exchange reserves dropped to their lowest level since 1974 at the end of September, but *official gold* holdings were at their highest volume, ever at 12.6m ozs, according to the Reserve Bank, AP-DJ reports from Johannesburg.

Bankruptcies up

Japanese corporate bankruptcies in September rose 4.4 per cent to 1,422 from 1,362 in August, but fell 11.5 per cent from 1,607 *a year earlier*, the Tokyo Commerce and Industry Research Company said yesterday, Reuter reports. September debts fell a slight 1.2 per cent to Y156.76bn (£37m), from Y158.68bn *in August and down a sharp* 37.0 per cent from Y248.81bn a year before.

Cairo purges 18 officers 'for fanatic tendencies'

CAIRO — In the wake of President Anwar Sadat's assassination, 18 officers have been dismissed from the army and put in civilian jobs "because of their fanatic religious tendencies," officials said yesterday.

Egyptian officials had said the assassination was the work of four men: three civilians and an army lieutenant, Khaled Shawki El-Islambouly.

The Egyptian army received a warning before the assassination about El-Islambouly's religious *fanatiscism* but military investigators cleared him of all suspicion, according to Defence Minister Lt Gen Abdel Halim Abu Ghazala as quoted in the semi-official newspaper Mayo.

"Military intelligence officers watched him, but found no evidence of disloyalty. He was well-behaved, never absent from duty and known for his loyalty and discipline," Ghazala told Mayo.

El-Islambouly has been in a semi-coma in a Cairo military hospital since he was shot and captured. Of the three civilians disguised as soldiers, one was killed and two were also wounded and arrested. AP

Begin-Schmidt feud ends

BY OUR TEL AVIV CORRESPONDENT

ISRAEL *believes* that the bitter personal feud between Mr Menahem Begin, the Prime Minister, and Herr Helmut Schmidt, the West German Chancellor, was ended by a handshake between the two when *they attended the funeral* of President Sadat of Egypt on Saturday.

Relations between the two leaders were seriously strained in May when Mr Begin launched an unprecedented verbal attack *against Herr Schmidt. He linked* the Chancellor with the Nazi regime and described Herr Schmidt as "greedy" and "arrogant."

Mr Begin attacked Herr Schmidt after reports that West *Germany was considering* selling its Leopard tank to Saudi Arabia. The deal has since fallen through and Israeli officials believe that this was at least in part because of the Begin tirade.

Despite the fact that the Israeli leader repeated his attack on a number of occa*sions, Herr Schmidt maintained* a stony silence except for one report that he had described Mr Begin as a threat to peace.

Mr Uru Porat, Mr Begin's spokesman, said that at the Sadat funeral "they shook hands, talked for a minute or two and exchanged polite words."

Sudan villages bombed

KHARTOUM — *Libyan aircraft bombed two Sudanese* villages near that country's western border with Chad last week, the Sudanese News Agency reported yesterday.

Two women were killed and *several people* were wounded.

Quoting a Foreign Ministry statement, the agency said the border villages of Tendelti and El-Tina, 660 miles west of the capital, were "brutally bombarded" last Thursday.

"*Sudan will not stand hand*cuffed against the continued Libyan aggressions," the news *agency said. Sudan reported* several similar Libyan air attacks last month.

The Foreign Ministry statement warned that Sudan would use "*every possible means* to *ensure the security* of its land and citizens."
AP-DJ

Richard Cowper in Jakarta reports on heavy American involvement in the oil sector

U.S. leads Japan as Indonesia's top investor

OIL AND GAS dominates much of Indonesia's economy, but direct foreign investment in this sector has always been a closely guarded secret. The result is that Japan has always been *thought of as the country's lead*ing investor.

But figures recently uncovered *show that foreign investment in* the petroleum sector accounts for about 60 per cent of all foreign investment in Indonesia, and that the U.S.—critically important in the oil and gas sector—overshadows Japan as *Indonesia's foremost investor.*

Indonesia is the largest oil and gas exporting nation between the Persian Gulf and the west coast of America. Despite this fact publicly available statistics on direct foreign *investment in Indonesia* have always excluded oil and gas.

This has disguised the overall size and relative importance of foreign investment to Indonesia's economy, and the key role played by American companies and investment.

Figures newly acquired show that in the last decade foreign oil companies spent around $9.5bn in Indonesia (excluding liquified natural gas), of which $5.8bn might fairly be described as investment. Of the latter more than $4bn was invested by *U.S. companies.*

The figures show that foreign investment in the petroleum sector accounted for around 60 per cent of total implemented foreign investment between 1971 and 1980.

According to the Bank of Indonesia, realised foreign investment in the non-oil sector during the last 10 years was $3.8bn. Added to the $5.8bn invested in the oil sector, this takes the total foreign investment in Indonesia during that period to $9.6bn.

Japan, which dominates the non-oil sector and is widely delieved to be the country's top foreign investor, accounted for around 30 per cent of this total while the U.S. accounted for more than 40 per cent.

America's desire to play down the key role that it performs in the country's economy, coupled with Indonesian political sensitivities over the size of the foreign stake in its economy, explain much of the official reticence in providing figures for foreign investment in the petroleum sector.

Difficulties in deciding on a precise definition for investment also play a part. In theory spending on petroleum exploration and production by contractors in Indonesia is not investment, since the title on all equipment changes to Pertamina, the state-owned oil company, as soon as goods enter the country. However, experts dismiss this as a technicality, and generally agree that money spent on exploration, development and facilities, but not production, is most accurately defined as investment in the oil industry.

Looked at from the perspective of total spending by foreign companies, Japan may still be *considered Indonesia's biggest* spender. Because of the high demand for working capital in Japanese ventures in Indonesia, direct investment accounted for only a small proportion of their liabilities, perhaps 20 to 30 per cent. Thus Japanese companies, it seems, spent more money in Indonesia during the 1970s than American companies, but invested less.

*Petroleum is crucial to Indo*nesia's economy — accounting for virtually 70 per cent of the country's exports, and around 70 per cent of the government budget.

Foreign companies, mostly American, play a commanding role in this sector. Eleven of the 16 foreign companies producing oil in Indonesia last year were American. Between them, these U.S. companies accounted for over 80 per cent of Indonesia's oil production of 577m barrels, and just under 80 per cent of the country's gas production of 1 trillion (million million) cubic feet.

Just how much these companies earn in Indonesia is by *no means clear. But according* to a U.S. Department of Commerce report, $2.4bn flowed back to the U.S. in 1979 from profits earned by U.S. companies in the Asia and Pacific region, and the largest proportion was generated in Indonesia.

These companies are now pouring new money into Indonesia at a rate that has not been equalled since the near collapse of Pertamina in 1975.

Indonesia's political stability, its lack of foreign exchange controls and the rising price of oil (which has made it more attractive to tap the relatively *small oil fields which are* characteristic of most new finds in Indonesia) have all combined to generate the current boom in exploration activity.

Last year, foreign oil companies spent a record $1.9bn *on exploration, development* and production in Indonesia. This year they are budgeting for a total expenditure of $3.2bn.

Though Japan is now beginning to invest more in Indo*nesia's oil sector of the $1.5bn* which the Government expects oil companies to invest this year, over 70 per cent will be accounted for by U.S. companies.

Money dealers oil wheels of West African commerce

BY MARK WEBSTER IN LAGOS

THE TALL, *bearded man from* Mali dug into the folds of his long gown and brought out a pocket calculator. "One hundred Nigerian naira," he said ponderously, dabbing at the buttons, "that will give you *29,500 francs. The rate is bad* today but you can always wait until it picks up if you are not in a hurry."

The Malian, dealing out of Lomé Togo, is one of hundreds of black market money changers who operate throughout West Africa. Their business thrives on the huge volume of goods which are smuggled from the hard currency countries of Togo, *Benin and Cameroun to coun*tries such as Ghana and Nigeria, which have strict import restrictions.

The Nigerian currency, for example, is considered overvalued in West Africa at its *official exchange rate of 427 CFA* francs to the naira. The CFA franc, the currency of most of the former French colonies in West Africa, changes hands on the black market at between CFA 275 and CFA 325 to the naira reflecting its much greater buying power and guaranteed convertibility against the French franc.

Rates vary daily and there is a *remarkable black market* intelligence which operates whether money is being changed in the sprawling markets of the far north of Nigeria or the sweaty customs posts between the West African countries and *guarantees near uniform rates.*

Consistent selling has brought the value of the Ghanaian cedi on the black market to only one-tenth of its official value. But black marketeers also cite rates for any of the major European currencies and the ever-popular U.S. dollar, and usually they have the latest information on the international standing of the currencies.

It is estimated that anything up to half the total West African money supply circulates outside the banking system, and the cash flow along the coast is immense.

Most dealers are happy to change the equivalent of £1,000. Within seconds they can put together a syndicate capable of changing many thousands. A ports official in Lomé said market traders think nothing of paying the equivalent of £30,000 for a container-load of whisky in cash which women traders carry in the folds of their gowns.

The market "mammies" are *the backbone of the West* African trading scene. These roly-poly ladies regularly travel up and down the West African coast, switching from local languages to English or French with an ease which would astonish linguists.

Although illegal, traders and money-changers depend on the co-operation of local officialdom for their survival. Away in the far north-east border of Nigeria a dozen money-changers service the trade between Nigeria and Chad. "It's easy to find the money-changers," said a helpful *Cameroonian.* "They are just by the police station."

Japan's trade surplus with EEC 'shrinking'

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S trade surplus with the EEC, a bone of contention recently, has started to shrink, according to figures published yesterday by the Finance Ministry.

The figures show the surplus for the third quarter at $2.52bn (£1.3bn), marginally below last year's third quarter figure of $2.58bn.

This represents a striking change from the situation in the second quarter of the year when the gap in Japan's favour was nearly 40 per cent bigger than a year ago ($2.8bn against $2bn).

The second quarter trade gap was bigger than that for the first quarter, but an analysis of year-on-year growth suggests that the first quarter may have been the period in which the most rapid year-on-year deterioration was taking place in the bilateral balance. Since that time there has been a gradual improvement.

The shrinkage of Japan's third quarter surplus with the EEC resulted from slowly growing exports—up 1.2 per cent according to the figures—and a faster, though not spectacular rise in imports—up 6 per cent.

An important factor in the recovery of imports seems to have been a series of extreme and erratic increases in Japan's imports from the UK. These reflected freak purchases of some items such as non-monetary gold, which do not normally figure prominently in British exports to Japan.

Japan's surplus with the EEC for the first nine months of 1981 still shows a sharp, 26 per cent, rise on the figure for 1980 despite the slowdown in the third quarter.

On a "customs clearance" basis, the gap in Japan's favour was $7.9bn. IMF base figures which are not distorted by the inclusion of freight and insurance, would reveal a larger gap.

The "moral" of the third quarter figures would seem to be that Japanese export restraint—in areas such as car shipments to Benelux and West Germany—is beginning to have some effect on the trade balance. The increase in imports revealed in the third quarter figures looks more artificial and probably does not reflect sales of goods likely to have a substantial effect on European employment.

Bandar Khomeini partner seeks rescheduling of loan

BY OUR FAR EAST EDITOR IN TOKYO

THE Iran Chemical Development Corporation, Japan's joint venture partner in the ill-starred Bandar Khomeini petrochemical project, is sounding out Japanese banks on a rescheduling of its loan obligations.

Repayment of the principle of a Y125bn (£282m) loan extended by the Japanese Export Import Bank and a group of commercial banks is due to start next February, but ICDC would like to shift this to February 1983.

The request for a deferment on payments comes at a time when negotiations on how to restart the Bandar Khomeini project, and on who should pay additional costs resulting from the Iran-Iraq war, appeared to be deadlocked.

The Mitsui group, which is the main Japanese backer of the project, has called on Iran to shoulder all war-related costs, but Iran has insisted that work should continue on the basis of the original contract which calls for a 50-50 split in the cost burden.

The president of Iran-Japan Petrochemical Company (IJPC), Mr H. Dabiri, who left Japan over the weekend after a two-weeks stay seems to have made no progress in ending the deadlock.

If the Mitsui group and Iran cannot agree on a formula for restarting Bandar Khomeini, Mitsui group is expected to withdraw from the project and claim compensation for its losses from an export and overseas investment insurance fund operated by the Ministry of International Trade and Industry.

The possibility of such a claim raises serious problems for MITI, since the claim could well exceed the fund's present reserve of about Y130bn.

The Export Import Bank which was the major source of the original ICDC loan for the Iran project has refused to give an immediate answer to the request for deferment. Its decision will probably come only after other political and financial uncertainties have been clarified.

Industrialists from Tokyo end trade talks in London

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

SENIOR JAPANESE industrialists yesterday left London after talks with ministers and leading businessmen armed with a list of 27 proposals for opening up the Japanese market to a wider range of imported goods.

The industrialists, members of the Keidanren, the Japanese counterpart of the Confederation of British Industry, were in the UK on a mission sponsored by the Japanese Government.

They are visiting EEC capitals as part of an effort to defuse trade tensions.

The mission's talks covered the growing trade imbalance between the UK, expected to reach £1.6bn this year, proposals for industrial co-operation, investment in the UK and collaborative ventures between Japanese and UK industry in third countries.

All these topics have been the subject of repeated discussion at industry and official level, especially since the visit to Europe in the middle of the year by Mr Zenko Suzuki, the Japanese Prime Minister.

The difference between conversations then and the discussions in London, which have just been completed, is that proposals from the UK side for easing the trade imbalance have become more specific.

The proposals, discussed between the CBI and the Keidanren mission last week and formally presented yesterday by Mr Peter Rees, the Minister for Trade, include demands that:

- There be more Japanese purchases of UK capital goods and machine tools;
- Japanese Government agencies set a percentage target of their total procurement for foreign goods;
- patent procedures in Japan be revised;
- official Japanese standards for the testing of pharmaceuticals and chemicals correspond to those used internationally;
- car manufacturers increase their purchases of foreign components;
- Japanese trading associations admit foreign companies;
- Japanese public buildings use more imported materials;
- Tariffs on imported foodstuffs, especially whisky and confectionery be reduced;
- Regulations make it easier for foreign companies to take over Japanese companies in non-strategic sectors;
- There be greater freedom in the insurance market;
- It be made easier for foreign banks to operate in Japan.

British boost from Harpoon contracts

By Michael Donne

UK COMPANIES have already benefited to the extent of £120m from contracts following the Ministry of Defence decision in 1977 to buy the McDonnell Douglas Harpoon anti-ship missile for the Royal Navy.

At that time, the value of the Harpoon deal was put at about $150m (£79m) of which McDonnell Douglas agreed to place about one-third, or about $50m, in business with UK companies, both on Harpoon sub-contracts and on other defence-related contracts.

In the ensuing period, McDonnell Douglas has placed business worth $225m with the UK.

Among major contractors are Martin-Baker, making ejection seats for the McDonnell Douglas F-15 Eagle fighter; Smiths Industries, making stand-by altimeters for the F-18 fighter; and Dowty, making landing gears for the prototype YA-VB Harrier, precursor of the current AV-8B Harrier.

On the Harpoon missile itself, one of the biggest UK contractors is Lucas Aerospace, making the capsules in which the missiles are encased, as well as electric motors for the fins of the missile.

The Harpoon is an all-weather submarine-launched missile that is designed to attack enemy ships at ranges greater than 50 miles. The missile is launched from submarines in a capsule through the normal torpedo tubes.

Acceptance tests by the Royal Navy for the Harpoon have begun. The missile is to be used aboard the Valiant and Swiftsure classes of nuclear-powered attack submarines.

Nigeria moves to conserve foreign reserves

BY CARLA RAPOPORT, RECENTLY IN LAGOS

GOVERNMENT officials in Lagos have asked several large companies operating in Nigeria to slow the remittance of dividends to their overseas associates.

The request is the latest in a series of measures the Lagos Government has undertaken in order to conserve foreign reserves in the wake of falling oil revenues.

The government has asked that 1981 dividends to overseas associates be spaced in three tranches over the next 12 months.

Despite the unwelcome delay, businessmen in Lagos generally agree with the measure.

"At least this time, we've been consulted," said the managing director of a large trading and manufacturing group in Lagos. "Under the millitary Government, we'd read about things like this in the papers."

Nigeria switched to a civilian government in October, 1979 on the election of President Shehu Shagari.

Bankers in Lagos estimate that Nigeria's foreign reserves are about $6bn, down from $9bn in January and could reach $3bn by the end of the year.

These estimates are somewhat higher than projections of a few months ago as the Nigerian Government has already begun staunching the outflow of foreign exchange. Further, oil exports apparently picked up in September to more than 1m barrels a day against approximately 700,000 b/d in August. Production at the beginning of the year was 2m b/d.

The federal Government has already begun slowing down on its payment to overseas contractors. At the state level, most of the 19 states have run up large budget deficits, and many contractors for state and local Government projects have not been paid for months. As in Nigeria's 1978-79 slump, the country is littered with

President Shehu Shagari of Nigeria

stationary cranes and empty work sites.

The present slowing in remittances of foreign exchange has been aggravated by recent change-over of personnel in the foreign exchange department of Nigeria's Central Bank. This has meant longer delays than usual due to the relative inexperience of the new staff.

Last month, the Nigerian Government announced a package of austerity measures designed to cut public expenditure. These included a freeze on public sector appointments, except in exceptional circumstances, and a ban on overseas trips by civil servants unless given Presidential permission.

Nigeria's imports continue to run at a high level—estimates vary between Naira 1bn and Naira 1.3bn (£833m-£1.08m) a month—and may well be restricted in the coming weeks by the re-introduction of controls on raw materials and spare parts.

Nigeria represents Britain's largest export surplus in the world, with total UK exports this year expected to reach £1.5bn against £1.2bn last year.

UK paves way for £200m Algerian housing deals

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE UK Government has signed a memorandum of understanding with the Algerian Ministry of Housing, paving the way for detailed negotiations by British contractors to supply 20,000 housing units worth about £200m.

The agreement, signed on Sunday, was described yesterday by Mr Peter Rees, the Minister for Trade, as "very significant." It provides a framework for the commercial negotiations and signifies that if the British companies can agree on terms with Algeria they will win substantial contracts.

The companies involved in talks with the Algerian Government are Cementation, McAlpine, Paulings, Wimpey and W. S. Atkins, the consultants. Their representatives were at the signing of the memorandum in Algiers.

The memorandum has an annexe which states that the Algerian Government is seeking negotiated contracts for 20,000 housing units and their associated infrastructure.

This figure has been geared to the productive capacity of the British contractors to meet Algerian demands within the scope of the 1980-84 Development Plan.

Contractors seeking entrance to the Algerian market had found that the authorities there were not anxious to work on the private industrial level without some form of official understanding. The memorandum provides that understanding and is in effect a ticket of admission to the market.

But detailed negotiations on contracts are expected to be tough, if the experience of contractors with tenders for housing programmes related to the reconstruction after the El-Asnam earthquake are any guide. The Algerian Government then imposed very stringent conditions on price, credits and delivery.

The memorandum was first mooted in March 1980. It has been signed now because of the Algerian concern to press ahead with the massive housing programme of 450,000 new units to be constructed under official auspices within the current Development Plan.

The Algerian Government is seeking block negotiated contracts rather than putting each project out to the lengthy process of tendering. Similar agreements to that signed by Mr Rees are evidently being negotiated with other European countries and one with Belgium is expected to be reached shortly.

Clare call for 2-stage reflation

BY DAVID MARSH

A TWO-STAGE reflation programme, centred on a cut in the employers' national insurance surcharge and an expansion of public spending, has been proposed by a group of economists writing in the Midland Bank Review.

The package would add a net £3bn to public borrowing—the total cost of £5bn (at 1981-82 prices) being reduced by £2bn through savings on unemployment benefit and increased tax income—the authors calculate.

The proposal comes from the Clare group of economists, chaired by Prof Robin Matthews, Master of Clare college Cambridge.

The group of 14 includes Prof Brian Reddaway of Cambridge and Prof Marcus Miller from Warwick, authors of a well-publicised statement calling for a change in Government economic policies.

The Clare group suggests its package should be introduced in two stages, starting with a late autumn budget. The second stage, in April, should be put into effect only if wages were following a moderate path.

Because of the two-stage timing, the effect on public sector borrowing for 1981-82 would be considerably less than £3bn.

The competitiveness and profitability of UK industry should be restored, it says, through a combination of exchange rate depreciation, a cut in labour taxes, a slowdown of wage growth and increased productivity.

The group says a reduction of the national insurance surcharge, estimated to yield £3.3bn in 1981-82, would help to improve competitiveness by 2 or 3 percentage points.

Other elements in the package would include expanded public spending—it suggests about £500m extra capital investment by nationalised industries—increased tax allowances and a cut in public sector prices in areas like telecommunications.

Mr Enoch Powell, Ulster Unionist MP for South Down, told the British Institute of *Management yesterday that* Mr Edward Heath was arguing for a larger budget deficit, even though he knew that this risked the "printing of money."

Property is still a good investment, says report

By William Cochrane

THE outlook for the selective property investor in the 1980s looks good in spite of the current economic recession says a report from the Economist Intelligence Unit.

The analyses in the report demonstrate how closely tied *the property market* is to general macroeconomic developments.

Whatever the mechanism of recovery, it says, the recent downturn in economic activity has been so sharp that the medium-term outlook "must by comparison look promising to all but the most convinced pessimists." *The report* concludes that the well selected property investment remains a good bet for the 1980s.

On supply, the report says that new order statistics for shops suggest a further rise in 1981, and that the office sector should perform likewise.

***On rents, projections for* 1981 to 1984 imply that over the first five years of the 1980s, *each of the three* property sectors is likely to show an average rate of rental growth of about 10 per cent.**

EIU Special Report No 107. UK Commercial and Industrial Property: Into the 1980s: £75.

Wage policy debate gets new lease of life

Peter Riddell reports on proposals put forward by two academics on how an incomes policy might be made to work.

INCOMES policy is back on the political agenda. Although both the Conservative Government and the Labour Party have rejected direct attempts to control the growth of wages, Mr Roy Jenkins has spotlighted the issue by backing an inflation tax at the Social Democratic Party conference last week.

There has been considerable discussion among economists on both sides of the Atlantic *about tax-based incomes* policies as a means of restraining the growth of wages without the problems associated with centralised control.

The tax proposed by Mr Jenkins is based on the ideas of Professor Richard Layard who, by coincidence, explained his proposals in his inaugural *lecture at the London School of* Economics last week.

The Layard scheme is *intended to work by incentives* rather than by regulation, and does not involve any interference with normal collective bargaining between employers and unions.

Under the proposal, the Government would *declare* a norm for the rate of growth of hourly earnings. If *an employer increased his average hourly* earnings by more than this, all his excess payments would be subject to a tax.

However, to prevent any increase in the overall tax burden on companies, the rate of employers' national insurance surcharge would be set at a lower level than otherwise, *exactly to balance the previous* quarter's inflation tax payments. In this way, the scheme is intended to redistribute the tax burden from high-inflation *to low-inflation companies.*

Prof Layard argued that the tax would reduce inflationary *expectations in the short-term* and would provide an incentive to employers to hold down wage rises and *increase employment.*

Much would depend in practice on the wage norm and tax rate chosen. A given inflation rate can be achieved with a higher norm and tax rate or lower ones, though in the latter case the norm is more likely to be breached.

The professor favoured a high tax rate, not least because an increase in wages this year would be of considerable value *to an employer since it would* allow him to pay higher wages in each future year without further tax.

Several advantages are claimed for the scheme:

- Employers and unions would be *left* with the decision-making powers they had before, but they would face an additional *tax constraint which would* force them to take into account the interest which the public has in stable prices. Free collective bargaining would go on and companies with a pressing need to acquire more labour at higher wages would be able to do so, at a cost
- Workers would not lose any part of their actual pay, since the tax would be levied on employers, not employees.
- *The tax would be levied on* the money which employers actually pay out and not on the notional value of basic wage settlements.
- If the tax were to become *permanent, it would avoid* the on-off phases of previous incomes policies.

There are, however, a number of objections of a theoretical and practical nature:

- Because the tax would be on average hourly earnings irrespective of the skill composition of the workforce, it would *provide an incentive for com*panies to employ relatively more unskilled people and penalise companies which wished to move towards a more skilled workforce and which were improving productivity.
- The tax would also discourage companies from raising wages to attract more labour.
- The tax would revive the whole problem of establishing, and presumably attempting to agree a norm with unions and employers.
- There is the problem of the public sector. *Professor Layard* suggested that all central government employees should automatically receive the norm plus a retrospective catch-up based on what had happened nationally. The tax would apply to the rest of the public sector, notably to nationalised industries.
- There would be administra*tive problems and temptations* for companies to cheat. The professor suggested that the tax could be collected on a *monthly* basis together with PAYE and national insurance contribution, with spot unannounced audits.

Overall, the professor believed that the advantage of the tax was by comparison with other policies rather by comparison with an ideal world. He argued that the disadvantages *of the norm and of the* anomalies of particular companies must be compared with *the potential gains of lower* inflation and higher employment.

In turn, this must be compared with the loss of employment occurring under the current monetary squeeze and the loss of liberty and probable failures involved in a traditional incomes policy.

This scheme was put forward by Mr Jenkins as worthy of study "urgently and intensively." The SDP is not, however, committed to the tax. While most, though not all, the SDP leaders favour an incomes policy, other schemes are also being considered.

In particular, Mr Dick Taverne *has* highlighted the proposals of Professor James Meade of Cambridge University for a decentralised system of pay bargaining.

Prof Meade has suggested fiscal and monetary policies should be set to maintain a steady growth of, say, 5 per cent a year in the total money demand for labour. Within each occupation, industry and region, the rate of pay would be set so as to promote employment by *equating supply and demand.*

He has proposed that the existing system of bargaining between employers and workers should be continued, but with an ultimate appeal to some *external, impartial body rather* than to the strike weapon. This would involve a kind of pay commission to resolve disputes.

Prof Meade's scheme is regarded as too cumbersome by many SDP leaders. Given the strong position of Mr Jenkins within the SDP leadership, particularly his responsibility for policy, the inflation tax looks a stronger runner.

But lengthy consultations with *affected parties and the member*ship are likely before any decision is reached.

Prof Richard Layard, Is Incomes Policy the Answer to Unemployment? Inaugural lecture from Centre for Labour Economics at the London School of Economics.

Prof James Meade, essay on The Fixing of Money Rates of Pay, in *The Socialist Agenda*, edited by David Lipsey and Dick Leonard.

Midland hits back over banks' lending policy

BY OUR BANKING CORRESPONDENT

BANKS are taking a more liberal attitude to the security and gearing ratios they find acceptable among their industrial customers, says the Midland Bank.

In the latest issue of the Midland Bank review it challenges recent claims that the banks are *failing industry. Most* of its loans to industrial customers are unsecured. The average maturity of its term loans—40 per cent of total industrial lending—is over seven years, and more than four-fifths of its long-term lending to smaller businesses is to companies with gearing ratios greater than one to one.

The Midland says over the past year "normal standards of prudential business judgment have been relaxed by the banks in recognition of their social responsibility." Banks have given substantial support to companies in difficulties in the hope that they would be able to weather the recession.

The bank rebuts *criticism* that banks require too much security from industrial borrowers. "In a perfect lending situation the customer is able to demonstrate a high degree of business skill, has researched his project, knows his market and presents a well-thought and documented case, allowing the bank time to carry out its own appraisal. He will have sufficient of his own resources to *assure his own commitment* to it."

In these circumstances, Midland says it will give maximum support with minimum concern for security.

'Poor choice' of State pupils for private schools

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

ALMOST *HALF* of the State-school pupils seeking entry to sixth forms of independent *schools this year*, under the Government's Assisted Places Scheme, were not up to the *required academic standard.*

The scheme, which came into effect last month, offers financial aid on a means-tested basis to parents who wish to transfer academically-able children from *State education to the* independent sector.

A survey of 220 of the independent schools taking part—published today by the Independent Schools' Joint Council—*shows that* 960 sixth-form places were available. While there were sufficient candidates to fill them, only 499 places were offered.

"Many were not academically suitable," the survey report says. More than three quarters of the schools offering sixth-*form places said there had not* been a good choice of candidates.

Of the 405 places available for entrants aged 13-plus, 321 (79.3 per cent) were offered; 57 per cent of the independent schools concerned complained about the choice of candidates.

In the younger age groups, however, standards were better. All but five of the 151 places for those aged 12-plus were offered and all but six of the 3,786 places for 11-plus entrants were offered.

1981 trade balance 'probably' in surplus

By David Marsh

BRITAIN'S visible trade balance has probably remained in surplus this year, but is likely to have fallen sharply during the summer compared with the record surpluses registered at the start of 1981, according to an analysis by stockbrokers Wood, Mackenzie.

The firm has tried to plug the statistical gap, caused by the civil servants' dispute and consequent absence of UK trade figures since February, by examining trends in UK exports and imports recorded in other countries' trade statistics.

It has obtained data on UK trade from nine countries, representing about 51 per cent of British exports and 54 per cent of imports. The figures are mainly up to June or July, and up to August for the U.S. and France.

Wood, Mackenzie's analysis shows that Britain's trade balance with Europe deteriorated markedly between the first and second quarters. Imports rose sharply while exports showed little growth.

But trade with the U.S. moved from a large deficit in the first quarter to a small deficit in the second, and a small surplus in July/August. This reflected a sharp rise in UK exports.

But the overall visible trade surplus may have fallen significantly from the £1.3bn in the fourth quarter of 1980 and the £1.1bn in January/February.

The analysis indicates that the deterioration in the trade balance may not have been as bad as could have been inferred from the pound's weakness and possibly reflected destocking in the second quarter.

If so, the anticipated worsening in UK trade may simply have been postponed, the firm says.

Fight looms on audit autonomy

BY ROBIN PAULEY

THE Institute of Chartered Accountants yesterday warned Mr Michael Heseltine, Environment Secretary, that it will fight those parts of his proposals for a local government Audit Commission which threaten the independence of audit.

Mr Edward Ray, deputy president of the ICA, said yesterday that the idea of an Audit Commission was welcome, but it was vital that the independence of audit should be preserved. A key condition would have to be that there should be no general power for the Secretary of State to give the commission directions as to the discharge of its functions.

If the Government persisted with its plans to retain such power for the Secretary of State, as indicated in its proposals for legislation to be introduced in the next session of Parliament, the institute would mobilise opposition in the Commons and the Lords, Mr Ray said after announcing a memorandum in response to the Government's plans.

If the Audit Commission were established under the right conditions, it would enable the considerable resources and experience of private and public sector auditors to be used to the full.

But Mr Heseltine, who feels he is fulfilling a long-standing commitment to the private sector to open up local authority audits, is sure to be disappointed at the depth of the institute's reservations about his plans.

The memorandum says the proposals will be acceptable only if the chairman of the commission is independent of local government and the accountancy bodies and if the commission acts independently of any interest group.

The institute says there must be a separate post of head of the district audit service, that the district audit service should be required to show a commercial return on its services and that the setting of audit standards should be a matter primarily for the accountancy profession.

It should be solely for the commission to decide upon the extent of private sector involvement in local government audit, says the institute, and audit liaison committees could have an important role to play in establishing mutual confidence between elected members and auditors.

Commercial rates limit plan dropped

BY ROBIN PAULEY

THE GOVERNMENT has retreated from its plan to limit specifically the amount by by which non-domestic rates can be raised each year. It discovered that the implications for domestic ratepayers' bills were too great to be acceptable politically.

The Government had intended to protect commercial and industrial ratepayers from the first rate call each year in the forthcoming Local Government Bill.

But the effect of limiting the non-domestic burden and passing the full weight of council spending on to the voting domestic ratepayers proved too great. The first rate call in the spring will be limited by the Government, therefore, but at the same level for domestic and non-domestic ratepayers.

Only if a council needs a supplementary rate will it be required to use a centrally determined differential to impose a heavier burden on domestic ratepayers.

The Government intends ot use such a high threshold for the main rate limit in the first year of the legislation—which will take effect in time for next spring's rates rises—that only a small number of councils will, in theory, need a supplementary rate. This will mean very limited protection for commerce and industry.

The Association of Metropolitan Authorities has made a study to see what the effect of a 10 per cent limit would have been this year (see table). It found that Bolton, Bury and Rochdale (all in Greater Manchester) had domestic rates rises of about 40 per cent this year, but the increases after a 10 per cent limit would have ranged from 58 per cent to 74 per cent.

Wandsworth and Westminster both increased domestic rates by about 27 per cent but the limit would have given Westminster a domestic rise of 120 per cent and Wandsworth only 37 per cent. Seven authorities in London would have needed rises of more than 100 per cent.

The AMA has calculated that industrial rates bills have remained more or less constant, at about 1.9 per cent of the wage and salary bill since 1975.

Council	1981-82 actual domestic rate p	Increase over 1980-81 %	1981-82 increase after 10% limit on non-domestic rates %	Average domestic rate bill 1981-82 £	Average domestic rate bill 1981-82 after limit on non-domestic rates £
Camden	161.1	43	136	577.79	1,004.63
Hamersmith/Fulham	132.9	54	109	334.00	454.35
Tower Hamlets	152.5	45	114	381.90	562.56
Wandsworth	99.3	27	37	248.27	263.34
Westminster	90.4	28	120	480.07	328.08
City of London	82.7	19	2,984	428.95	1,482.49
Brent	161.8	48	83	455.67	566.92
Hounslow	147.5	48	102	380.00	518.84
Newham	176.0	52	99	364.02	478.89
Richmond	84.5	0	0	242.59	242.59
Manchester	186.7	35	74	308.95	397.83
Liverpool	148.57	20	30	237.99	259.13
Sheffield	192.52	42	82	255.24	328.04
Birmingham	123.50	38	68	249.32	308.13
Leeds	112.69	39	71	160.41	197.97

These and other analyses of the role rates play in industrial costs will form part of the AMA's £500,000 campaign, to be launched today against the Government's plans to limit rates rises and force referendums on council spending which exceeds a centrally-determined level.

CEGB urges curbs on coal price rises

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE National Coal Board is under strong pressure from the electricity supply industry to limit its price increases this autumn to 7-8 per cent, well below the rate of inflation.

The Central Electricity Generating Board's tough negotiating position could have an impact on the delicate pay talks which have started between the NCB and the National Union of Mineworkers.

If the NCB limits price increases to 7-8 per cent, this would help the electricity industry to keep price rises within single figures next April.

Under a five-year understanding which runs to 1984, the CEGB has said it will take 75m tonnes of NCB output a year—more than 60 per cent of coal sales nationally—provided the NCB keeps price rises within the rate of inflation.

Demand static

Last year coal prices to the CEGB rose by about 9 per cent. At a series of meetings in the past few weeks the CEGB has insisted that coal price increases due in November be well below the rate of inflation, now about 11.5 per cent.

The CEGB, which has long complained that the prices it pays the NCB subsidise elderly, uneconomic pits, says it should get some of the benefit of a 5 per cent NCB productivity increase in the past year.

It has told the NCB that demand for electricity is virtually static—sales are expected to be about 212 terawatt (million million) watt hours this year and next—at a time when more cheap nuclear generating plant is coming on-stream.

This means that the CEGB may not need to burn 75m tonnes of NCB coal to meet power demand. It expects to put an additional 2m tonnes of coal to stock next year.

There is an element of bluff about the CEGB's threats. With the cost of oil-fired plant prohibitively expensive and a limit to the amount of nuclear capacity available, the electricity industry must remain heavily reliant on the NCB.

If the CEGB were to break the 75m tonne agreement, the NCB could respond with hefty price increases, leaving the CEGB no better off than under the pact.

As a result of an NCB rescue package accepted by the Government in February, the CEGB has cut its imports of coal this year from about 2m to 750,000 tonnes.

The CEGB has apparently reached agreement with the Government that it will get about £20m in compensation for taking NCB coal instead of the cheaper imports, although no money appears to have been handed over.

Despite the import limitation the CEGB has a contract for 2m tonnes a year of Australian coal until about 1983. It is stockpiling much of this on the Continent and has sold one cargo on the high seas as a relatively low price.

South Korean car maker appoints distributor

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

HYUNDAI of South Korea has appointed a UK concessionaire which will start selling its cars in Britain at the beginning of next year.

Distribution of Hyundai cars will be by a company to be established within the International Motors Group, which handles Subaru cars from Japan and Maserati sports cars from Italy in the UK.

International established a £1.25m office and factory complex at West Bromwich in June 1980. It has needed extra business because restrictions on the shipment of Japanese cars has held back the number of Subarus available.

About 5,000 will be sold this year. International hoped to sell between 8,000-10,000.

Hyundai began production in 1968. Its Pony model will be the first it will introduce in Britain.

The South Korean company hopes to have between 3,000 and 5,000 cars registered in the UK next year to prepare the ground for a car expected to come into production next spring.

Like the Pony, the new vehicle was designed in Italy by Ital Design, and will use engines and gearboxes from Mitsubishi of Japan. But it will have a front-wheel-drive—not an engine at the front driving the rear wheels as is the case with the Pony which was launched in 1975.

International has about 140 Subaru dealers. Some of them will also sell the Pony.

But if Hyundai is to meet its sales target of about 10,000 a year in Britain after the new model is introduced, International will have to recruit more dealers.

Anglo-Irish council plan dropped, says Paisley

By Alan Watson in Belfast

THE REV IAN PAISLEY said yesterday that he understood a plan for an Anglo-Irish council to examine constitutional issues has been dropped because Britain was not prepared to "go that far."

Mr Paisley said the idea was not attractive to the British Government because it saw the extent of opposition "underlined by my Carson Trail rallies.

"I think Mrs Thatcher was rather set back by the extent of support for my opposition to the Anglo-Irish talks which became evident in the local council elections in Ulster in May," he said.

Having "successfully torpedoed this overt attempt to involve Dublin in Northern Ireland's constitutional affairs," he added, Ulster Loyalists must turn their attention to thwarting the continuing Dublin-London attempt, through the three planned commissions—on energy, fisheries and tourism.

Mr Paisley, who is MP for North Antrim and a Euro MP, added: "These plausible commissions are not an end in themselves, but rather a means to the end of edging Northern Ireland, little by little, out of the United Kingdom and into an all-Ireland Republic."

Mrs Thatcher and Dr FitzGerald, the Irish Prime Minister, are due to meet in London next month. The outcome of the Anglo-Irish study groups set up after Mrs Thatcher's meeting with Mr Haughey will be on the agenda.

It was acknowledged by both Irish and British officials yesterday that greater economic co-operation has been among the subjects discussed. However they would not say if the two Prime Ministers would consider setting up joint commissions on energy, fisheries and tourism, as Mr Paisley suggested.

Wildlife Bill changes urged

By Lisa Wood

A CALL for major amendments to the Government's Wildlife and Countryside Bill was made yesterday by four major conservation bodies.

The Council for National Parks, the Council for the Protection of Rural England, the Royal Society for Nature Conservation and the Royal Society for the Protection of Birds warned that some clauses in the Bill assume the country could afford massive annual compensation payments to farmers to safeguard Britain's rural heritage.

Floods wash out British attempt on world land speed record

THE BRITISH attempt to recapture the world land speed record was called off last night after 24 hours of rainstorms had turned Utah's Bonneville salt flats into a 100 square mile lake, John Griffiths writes from Utah.

U.S. Auto Club officials and local weather experts said it could be weeks before the 11-mile course could become usable again. A meeting of Project Thrust team leaders and sponsors concluded there was no option but to postpone the attempt until next spring or early summer. Maintaining the operation in Utah has been costing £25,000 a week.

The rain set in a few hours after Mr Richard Noble, driver of the 34,000 hp Thrust 2 jet car, became the fastest Briton on land. His confirmed average speed for a two-way run through the flying kilometre was 418.118 mph, in spite of a minor electrical fault which cut the power of the Rolls-Royce Avon engine as he approached the timing lights at just under 500 mph.

He broke Mr Donald Campbell's record of 403.1 mph which had stood for 17 years.

Deeply disappointed team officials last night began dismantling the base camp five miles out into the flats. The camp presented a bizarre sight, apparently floating on a sea stretching beyond the horizon in all directions. The £700,000 car had already been moved to the safety of an aircraft hangar in the nearby town of Wendover.

In 10 days of runs across the salt Thrust 2 had been building up its speed in 50 mph steps towards the 622 mph record set by Californian Mr Gary Gabelich. Mr Noble's last two runs had overcome the team's remaining uncertainty about the success of the attempt.

The uncertainty was caused by the salt crust breaking up under the car's all-aluminium wheels. New tracks had been prepared, *but the last two* runs appeared to have made this precaution unnecessary.

Mr Noble, 35, a GKN marketing executive whose project has been backed by 179 UK companies, said: "(Chief designer) John Ackroyd's car has been proved beyond doubt. We had some early organisation problems which were all part of the learning curve.

"*To be defeated—at least for the moment*—by the weather in a place where it should be 85 degrees and endless sunshine is to have sheer bad luck on the scale of Campbell."

Welsh plant may close, says Minister

By Robin Reeves in Cardiff

A WARNING that Borg-Warner might cease manufacturing automatic transmissions in Britain early next year unless the company's plant at Kenfig Hill, South Wales, improved its performance was given in Cardiff yesterday by Mr Nicholas Edwards, Secretary of State for Wales.

In an unusual Ministerial intervention Mr Edwards said that there was every prospect of the plant's closing within three of four months unless problems there were resolved.

But given a matching of its performance with the U.S.-owned Borg-Warner's operations in other parts of the world, Kenfig Hill stood every chance of winning a planned investment of up to £30m in continuously variable transmissions, being developed for use in small, front wheel drive cars.

Mr Edwards, who visited the Kenfig plant last week, stressed that he was speaking with the blessing of the management and local trade union officials.

Continuously variable transmissions is a new, low-cost automatic system giving imperceptible shifts in gear and improved fuel consumption. It is being developed by Borg-Warner in association with van Doorne of Holland and Fiat.

"This is a major breakthrough and the most important and exciting development in the motor industry since the 1930s." Mr Edwards said. It was vital for the company's 1,300 workers and the management to improve their performance, or a major prize would be lost to either Australia or the U.S., he said.

Until now Borg-Warner's Welsh plant has been considered the front-runner for an initial investment of £3.5m next year.

Reinsurer denies fire claim liability

By Raymond Hughes, Law Courts Correspondent

A DISPUTE over reinsurers' liabilities arising out of a "catastrophic" fire in Antwerp in February 1977 began in the High Court yesterday.

In a case with important implications for all reinsurance contracts, the Commercial Court was asked to say whether an endorsement to a reinsurance slip policy which had not been signed by all the signatories of the original policy was binding on those reinsurers who had signed it.

General Reinsurance Corporation, lead underwriters in a group of 28 reinsurers, contended that it was not liable under a facultative fire and flood excess-of-loss reinsurance slip policy for any part of a claim resulting from the fire.

It sought a declaration that its liability under the policy had been removed by a retrospective variation of the policy.

The insurers, Forsakringsaktiebolaget Fennia Patria (Fennia) counter-claimed Finnmarks 3.42m, which it contended was GRC's proportion of the FM 26.99m (about £3.6m) for which Fennia was liable.

Mr Simon Goldblatt, QC, for Fennia, told Mr Justice Staughton that it had settled the dispute with the other 27 reinsurers.

He said Fennia had issued direct cargo cover for Eurocan, papermakers operating in Finland and Canada, in connection with which it carried reinsurance covering the whole of its cargo business up to FM 15m (about £2m).

In 1976, when it was realised that Eurocan goods being transported and held in European warehouses exceeded FM 15m Fennia decided to negotiate specific reinsurance to cover the four main warehouses, where the possibility of excess was greatest.

It negotiated with the 28 reinsurers the slip policy covering FM 15m in excess of FM 15m from the beginning of June 1976, in respect of the four warehouses.

Fennia subsequently renegotiated its whole cargo reinsurance to give protection up to FM 25m. That had the effect that the specific reinsurance with GRC and the other 27 in the group was carrying the primary risk on the four warehouses.

Fennia decided to rearrange the specific protection, but had not done so when the fire occurred.

Shortly after the fire, whose "catastrophic" nature had not then been appreciated by Fennia, its London brokers prepared a retrospective endorsement to the slip policy, so that the reinsurance would lie above the FM 25m cargo level.

GRC contended that because it had signed the endorsement, it was binding on Fennia.

Fennia contended that the endorsement was binding only when it had been signed by all the original signatories.

GRC contended that it was not liable in respect of FM 9m paid directly by Fennia to customers of Eurocan, as GRC was responsible only for Eurocan's property and not for that of customers to whom Eurocan's goods had been sold.

The hearing continues.

Key industry training boards to stay

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT is to retain at least some of the 24 statutory industrial training boards, Mr Norman Tebbit, the Employment Secretary, announced yesterday.

In his first external speech since taking over from Mr James Prior at the Department of Employment, Mr Tebbit would give no indication of which boards would be retained. He said they would be in "key areas" where training requirements could not be met without statutory boards.

The Manpower Services Commission has been lobbying for the retention of boards in seven areas—engineering, construction, ceramics, clothing, hotel and catering, road transport and rubber and plastics.

Mr Tebbit told a conference *of the British Association for* Commercial and Industrial Education that he saw no sense in throwing away useful institutions "for purely ideological reasons. Training is too important to the country to become the victim of purely doctrinal disputes."

He said the contribution of the State towards training—*about half of the approximately* £4bn spent on training each year—would have to be examined.

He criticised the basic training given to young people, suggesting that many youngsters, *particularly from the inner* cities and ethnic minorities, were a "pretty poor product" and a "drag on the labour market." An announcement on the boards will be made early in the new Parliamentary session.

But Sir Richard O'Brien, MSC chairman, said that the more general the training and the more transferable the skills *acquired, the greater the investment* risk to companies operating voluntary arrangements.

This was one of the main reasons why reliance on the free market would lead to "a deficiency in the quality and quantity of training."

Mr Ken Graham, assistant general secretary of the TUC, accused the Government of "dogmatism" and being "intent on dismantling much of what we have established and on which we can build." In its haste to scrap some boards, the Government was blundering badly and heading Britain to a training disaster."

Monday Club steps up repatriation moves

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE Conservative Party's Right-wing Monday Club yesterday, on the eve of the Tory Party conference, stepped up its campaign for voluntary repatriation of new Commonwealth immigrants.

Delegates will be debating what the Monday Club claims is an anodyne motion on race relations.

The club produced a 10-point "discussion" paper aimed at encouraging 100,000 immigrants a year to leave Britain. The cost of the resettlement, the club suggested, should come out of Britain's overseas aid budget.

The club claimed its proposals would contribute towards a lessening of racial tension in this country and that they were in line with the Conservative Party's manifesto commitment to help immigrants who genuinely wanted to leave Britain.

Nevertheless, the tone of the proposals will not be welcomed by Ministers who will be trying to reassure Britain's ethnic minorities, in the wake of this summer's disturbances, that the Party is not prejudiced against them.

Meanwhile, another group on the far right of the Conservative party, Tory Action, urged the Government yesterday to "resist the siren voices of defeatism and to speed up the implementation of its declared policies."

The group said that it believed the Government's position had been strengthened by the recent Cabinet reshuffle.

● LABOUR MPs yesterday piled abuse on the SDP in the wake of its travelling party conference last week. Mr Eric Heffer, MP for Liverpool Walton and a leading member of the party's national executive committee, claimed the Social Democrats had become a "political dustbin for reactionary, Right-wing Labour Party renegades."

Last week's defections from Labour to the SDP, he said, had clearly been planned in advance.

The SDP, he said, was "desperately anxious to go on being all things to all people." It had moved from being the "credit card party" to become the party of "sly, devious parasites."

Mr Heffer was speaking in Croydon where Labour's closest rivals in the by-election are the Liberals, supported by the SDP. He claimed the SDP was basically middle-class, made up of "superior people" and had no real roots among blue-collar workers.

'Change attitudes towards engineering' call

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

SIR KENNETH CORFIELD, chairman-designate of the new Engineering Council, appealed yesterday for the full involvement of everybody in education and the engineering institutions, as well as those in industry and commerce, to bring about the revolutionary change that is needed in national attitudes towards engineering.

The council, which has been established by the Government in response to the report of the Finniston Inquiry, expects to receive its Royal Charter by the end of the month and to be fully operational by the end of the year.

Sir Kenneth, who is chairman and chief executive of Standard Telephones and Cables, was appointed chairman-designate of the council on July 30. His agreement to serve in the unpaid post—which has to be cleared by the board of STC and the board of ITT, its majority shareholder—will do much to boost the chances of the council getting off to a positive start after the prolonged negotiations in settling on a charter that is acceptable to employer bodies, institutions and academic bodies.

Sir Kenneth is anxious that trade union leaders should be among the appointed members of the council. He will be supported by a permanent staff of 40 to 50.

The headquarters will be located in London. Sir Kenneth also wants regional offices to be established.

The Government has allocated £1m for the council to become established.

The Government's contribution will be reduced if the plan to transfer the registration of chartered engineers from the Council of Engineering Institutions to the new council is successful.

Speaking for the first time publicly in his new role, Sir Kenneth talked about the cultural problems attached to industry and engineers in particular, and the need for the integration—into a nationally coherent strategy—of the work already done within schools, higher education, industry, financial institutions and public attitudes.

Takeover rules review

BY JOHN MOORE

The Council for the Securities *Industry, the City of London's* self-regulatory body, is to review its rules on "fast" takeover bids at a meeting on Thursday.

The council will be looking at issues highlighted by a recent round of dawn raids in the London stock market, where a prospective bidder for a company has acquired a large block of its shares rapidly.

Rules recently *laid* down by the council forbid a bidding company to buy more than 5 per cent of the voting capital of a *target company from a single* shareholder until seven days after the offer has been announced, if the purchase would give the bidder a voting stake of more than 15 per cent.

The council will examine whether the seven-day period is adequate and when it should start. It will also consider imposing tighter rules on irrevocable acceptances, whereby key shareholders pledge their support for a bid.

Mr Toad fetches £3,200

SALEROOM

BY ANTHONY THORNCROFT

A FIRST EDITION of Kenneth Grahame's Wind in the Willows sold for £3,200 at Sotheby's yesterday to John Fleming, the New York dealer, in a sale of children's books which continues today and tomorrow. The price was about three times the forecast. Eight stories printed by J. Harris in 1808 realised £590.

The annual autumn auctions of Islamic works of art are not nearly so important as in the late 1970s, *but an Iranian* Ladjvardina pottery bowl of about 1300 made a good price of £13,000 at Sotheby's and a Kashan carved bowl of a century earlier went for £4,200.

Christie's sold the English blue-and-white porcelain collection formed by Gilbert Bradley for £57,662. It was the kind of collection that could have been accumulated by any enthusiastic amateur, and prices ranged *from £50 for a Bow-flared patty* pan of 1754-56 to a top price of £1,600 *for a Worcester pleated* globular teapot and cover.

UK NEWS—LABOUR

Firemen's pay rise may top 4%

BY PHILIP BASSETT, LABOUR STAFF

LOCAL AUTHORITY employers will not apply the Government's cash limit pay provision of 4 per cent to rises for Britain's 38,000 firemen, but will stick to their agreement to honour the firemen's earnings-linked pay formula.

The employers have told leaders of the service's 5,000 fire officers that while they will not reinstate their own separate pay formula, the offer to be made to them next month will reflect the increases shown to be due to the firemen under their arrangements.

While the employers agreed in the summer to honour the firemen's formula—based on the upper quartile of the increase in the past year of manual earnings—there were fears in the service and in other public services that the announcement of the 4 per cent figure might prompt some alteration in that attitude.

Last year the employers gave notice of their intention to withdraw from the arrangements, which led the firemen to the brink of a national strike.

It is now clear that the formula will be honoured in full. This may well be used by other public service unions pressing for common co-ordination of public service pay this year.

While the figure due will not be known until the Government's New Earnings Survey is published, probably at the end of this month, there are expectations in the service that the survey will also show rises due of 9 to 11 per cent.

Though the employers' side is now Labour-controlled, the decision to meet the rises due was thought not to have been taken on strongly partly political grounds.

However, council employers told leaders of the National Association of Fire Officers at a meeting last week that authorities' financial difficulties would not allow them to reinstate the officers' own formula, which like that of the firemen stems from the 1977-78 strike in the fire service.

The officers' formula was based on rises of sub-officers' pay at one end of the scale, and chief fire officers at the other. While the sub-officers' rate will not be known until the NES provides the firemen's figure, officers' leaders believe that the chief fire officers' rise of 9.7 per cent last year will show a rise due at the top end of the formula of 12 to 18 per cent.

Last year, when the officers received 18.8 per cent in line with the firemen's rise, the officers' formula showed rises due according to Nafo of 29 per cent.

The Nafo executive will consider the employers' proposal at a meeting at the end of the month. One official said yesterday: "We are disturbed that once again they are walking away from this issue."

● The TUC local government committee yesterday agreed to set up a special sub-committee to try to co-ordinate all local authority pay claims this year as part of the TUC's effort to move towards a common strategy on public service pay.

The claim by 1m local authority manual workers—the first main public service claim of the new round—will be presented formally today in Leicester. It will call for increases in line with the prevailing rate of price inflation, shorter hours and increased holidays.

Peace talks today on Liverpool port manning dispute stoppage

BY BRIAN GROOM, LABOUR STAFF

EMPLOYERS and dockers' leaders at the Port of Liverpool will meet this afternoon in an attempt to solve a dispute which yesterday brought the 3,500 Mersey dockers out on an indefinite strike.

The stoppage, in support of 480 colleagues involved in a manning dispute at a stevedoring company, Liverpool Maritime Terminals, brought the port to a standstill.

Work was halted on 10 ocean-going freighters and two coastal vessels, and shipowners were reported to be diverting vessels away from the Mersey. Ferries to the Isle of Man, Dublin, and Belfast were carrying passengers and their cars, but not freight.

Mr Jimmy Symes, docks district secretary of the Transport and General Workers' Union, said he had requested the meeting with the employers after a five-hour meeting of the 80 dockers' shop stewards.

"We want to get a dialogue going on ad hoc agreements. We can't afford to be in this position," he said.

The dispute comes only a fortnight after the port began to implement a pay and productivity agreement involving important changes in working practices. It began last Tuesday over the unloading of a cargo of cocoa butter.

Dockers insisted that a four-man gang down in the hold be increased to eight when cartons broke loose from the pallets, but the employers would agree only to six. The men walked off the job and were joined by the rest of their LMT colleagues on Wednesday.

The recent agreement provides for two extra holdsmen to be drafted in when special problems arise, but the conflict is over what kind of gang was being used as the base size—a four-man team for palletised cargo or a six-man gang for conventional cargo.

Yesterday, both sides were accusing each other of reneging on the pay and productivity deal. The employers were angry that a quayside dispute over two men should be stepped up into a strike across the port before they were approached officially by union officials.

Mr. Symes denied that those shop stewards who had fought against accepting the reduced manning provisions of the agreement were using the dispute to reopen the issue.

"All those things on which we have got agreement will be honoured 100 per cent," he said.

The stoppage comes at a particularly bad time for the financially troubled port. The Mersey Docks and Harbour Company made a record half-yearly trading loss of £2.47m in the period to the end of June, and is looking to the new working practices to help turn round its position.

● Southampton Docks—which has been hit by disputes almost continuously for the past eight months—could shortly be back to normal working.

Agreement was reached in London yesterday between the National Union of Railwaymen and the British Transport Docks Board over new working arrangements for 150 cargo checkers, who have been banning shift work.

A mass-meeting of checkers is likely to be held later this week. Their action has reduced container operations to about one-third of normal.

BP tanker drivers offered 6.7% rise

By Nick Garnett

TANKER DRIVERS and other manual distribution workers at BP have been offered a 6.7 per cent rise on minimum basic rates.

The offer is the first to be made to this group in the oil industry. Shell, which has offered 6 per cent to its refinery workforce is due to open negotiations with its tanker drivers today. Esso is to open negotiations tomorrow.

The BP offer covers 2,000 manual workers in the Transport and General Workers' Union—1,100 of them are tanker drivers.

The minimum basic rate for drivers of the largest vehicles would rise from £105 to £112 under the offer. The drivers already receive two-stage efficiency-related payments of £8 and £16 taking their non-overtime pay to £129. In the offer this overall figure would be lifted to £136 for a basic week.

BP Oil lost £93m in the first six months of this year and is shutting its refinery at the Isle of Grain, Kent, next year with the loss of 1,700 jobs.

The company is understood to have told union negotiators that in these circumstances the pay proposals were reasonable and responsible. Company officials did not however say the offer was final.

The 6 per cent offer by Shell to its refinery process workers was rejected by the Transport Workers. Its negotiators said they were not prepared to put the proposals to the membership.

Claims have been submitted to the regions of the Road Haulage Association on behalf of hire-and-reward lorry drivers. In most cases the claims seek a basic rate of £100.

Third protest hits shipyards

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE THIRD one-day strike at British Shipbuilders was declared a success by the shipbuilding unions last night as about 55,000 workers—77 per cent of the workforce—stayed out.

They were protesting against the closure of the Robb Caledon shipyard in Dundee.

Mr James Murray, chairman of the shipbuilding negotiating committee of the Confederation of Shipbuilding and Engineering Unions and General Secretary of the Boilermakers Society heard that BS were "intransigent" over the Robb Caledon closure, and claimed that more workers at the huge Vickers yard in Barrow—most of whom have defied the strike call—were now obeying it.

Attempts by CSEU officials last week to bring out the Vickers workers largely failed. However, the electricians and plumbers have obeyed the call, and the shop stewards of all unions are observing pickets.

BS however claimed that the 13,500 workers who turned up represented an increase of 1,000 over last Monday's total. They were mainly in management and staff grades.

The company is also likely to regard as hopeful a decision by shop stewards representing 7,000 workers from yards on the Tyne to ask for a recall of the CSEU's shipyard delegate conference.

The stewards, who represent workers at Austin and Pickersgill, Sunderland Shipbuilders, Sunderland Forge and Doxford Engines reaffirmed their support for the campaign of one-day strikes and overtime bans. However, they also called for renewed negotiations

Efforts by the Advisory, Conciliation and Arbitration Service to find common ground between the two sides foundered last week

BBC video tape editors go on strike

BBC TELEVISION programmes could be hit by a strike of video tape editors which began last midnight.

Recordings of TV programmes will be disrupted through action by the editors, members of the Association of Broadcasting Staff, which represents about half the BBC's 27,000 staff.

The editors are responsible for cutting and putting together videotape used to make programmes.

The dispute flared after two videotape editors, one in Newcastle and the other in Manchester, refused to do editing jobs after their union claimed they were not being paid agreed rates for the work.

The dispute will not affect those working for news and outside broadcasts in London. Programmes will not be affected yet, but they could be if the dispute is lengthy.

Knitwear plant hit

ALBERT MARTIN, the loss-making knitwear manufacturer, yesterday announced plans to close an underwear factory in Sutton-in-Ashfield, Nottinghamshire.

The company, which supplies Marks and Spencer, says 70 staff members and 130 factory workers will be made redundant. Some 50 factory workers will be reabsorbed by another factory in Sutton-in-Ashfield.

News of the closure coincides with the company's half-year results which show a pre-tax loss of £229,000

Company news, Page 27

Printing jobs cut

MORE THAN a third of the 624 workers at the William Clowes and Sons, printing plant in Beccles, Suffolk, are to lose their jobs, it was announced yesterday. A total of 223 jobs will go.

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Incredibly, men running governments and corporations may still be seen running through airports.

Eight executives, rushing overseas to assess their position with a newly elected foreign government, arrive out of breath at Los Angeles International only to find their flight has been canceled.

They spend the night reading FORTUNE.

A treaty negotiation is postponed because, even as their flight departs, half the representatives of a developing nation are bumper to bumper on the Long Island Expressway.

Five million dollars in orders is lost forever because the production heads who just figured out how to fill them without going into overtime are on an airliner over Hong Kong going round and round and round and round.

It wasn't always this way.

Once upon a time, the airlines worked.

Government officials or corporate executives with a pressing need to get from one place to another could get to an airline terminal in a reasonably short period of time, check their luggage in a reasonably short period of time and have every confidence that their flight would not be unduly late, unduly uncomfortable or summarily canceled.

What happened?

Deregulation. The airlines reorganize for the people who need them least.

To make air travel more affordable for once-a-year passengers visiting Aunt Ruth or flying off on vacation, cut-rate airlines were allowed to enter the big, lucrative markets, forcing the major airlines to meet their low prices with all kinds of special packages and standby arrangements. Thereby enticing huge numbers of people not traveling on business to get off the bus and get on the plane.

Meanwhile, the high-priority, high-frequency, full-fare executive looked on in horror while the plane turned into a bus.

Overcrowding meant traffic jams on the way to the airport, long lines at ticket counters and gates, overworked flight attendants, lost luggage and long hours sitting on runways or circling above them.

It meant sitting shoulder to shoulder to shoulder to shoulder and heaven help the people waiting to use the facilities.

Yet, what's *really amazing* is not that the airlines have changed from a fairly efficient means of high-priority transport to an anarchic, overcrowded, debilitating and inefficient bus system.

But that hundreds of thousands of intelligent, powerful, highly paid executives in government and business should continue to subject themselves and their key subordinates to this system *thirty or forty times a year or more.*

This in a world where the ability to move over oceans and across continents with speed and adroitness is as basic to an executive as knowing what time it is.

If you don't need your own plane, maybe you don't need your own phone.

Exactly parallel to the history of business and governmental administration is the history of the executive seeking random access to the tools that increase his effectiveness.

In the twenties, the telephone gave him random access to communication.

In the sixties, the computer gave him random access to information.

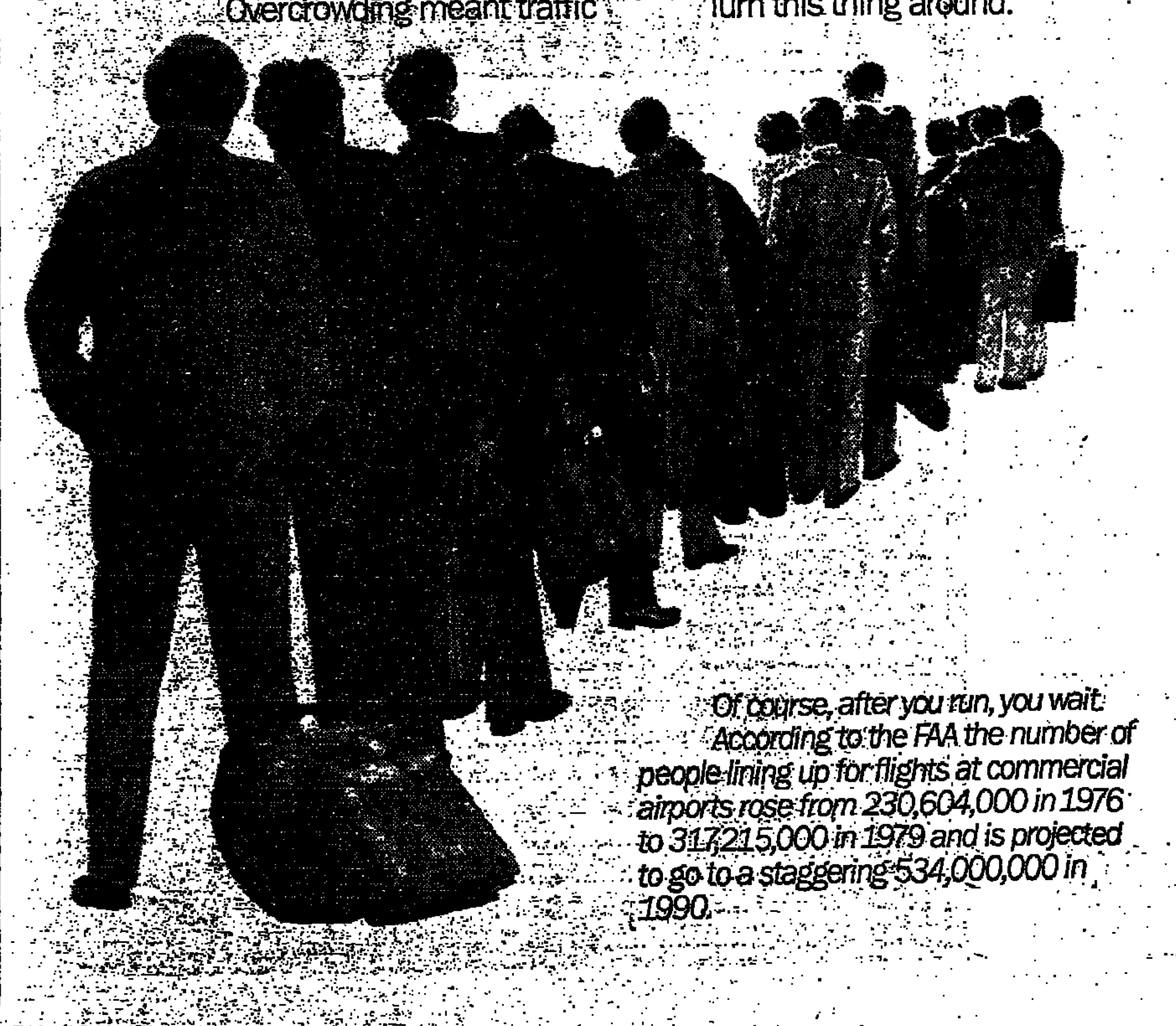
Now, the private intercontinental corporate jet gives him random access to long-range transportation.

All you have to do is realize how much you need it.

How important it is for you to be the one who decides where to go, when to go and when to come back.

Random access means freedom, once and for all, from ever having to say, "I missed my plane."

Not to mention the freedom, when business calls for it, to say, "Turn this thing around."



Of course, after you run, you wait. According to the FAA the number of people lining up for flights at commercial airports rose from 230,604,000 in 1976 to 317,215,000 in 1979 and is projected to go to a staggering 534,000,000 in 1990.

Considering the aircraft available until now, the reluctance of most corporations to buy one is almost forgivable.

It should be pointed out that, until quite recently, the corporate jet had problems of its own.

Range was limited. With the *frequent refueling stops* required on long trips, the time saved over flying commercial was often negligible.

Space was at a premium. Corporate aircraft were narrow and cramped. Fill one with eight executives, fly them for six or eight hours

and, instead of a group of sharp, tough professionals arriving with a sense of purpose, you had a *collection of tired individuals badly in need of a long nap and a massage.*

Corporate jets were noisy. In fact, of all large-cabin intercontinental corporate jets, only the Canadair Challenger is quiet enough to be well below Federal Air Regulation Part 36 noise limits for 1985.

Corporate jets guzzled fuel. When the forerunners of corporate aircraft like the current Falcons and Gulfstreams were conceived fifteen and twenty years ago respectively, a gallon of jet fuel cost less than a dime.

The problem being, the basic designs of the airplanes and the built-in need for large amounts of fuel that go with them were bequeathed to their newest offspring.

Which brings us to the one corporate jet that not only solves the problems inherent in the airlines, but solves the problems inherent in the corporate jet.

The Canadair Challenger: It will fly you more economically and in greater comfort than any other intercontinental corporate jet in the world.

Unlike any of its competitors, the Canadair Challenger was conceived, designed and built from scratch in the nineteen seventies.

Not in the middle of a go-go economy with no-digit inflation. But amid the gas lines, the fuel shortages, the tight money, the increased Federal regulation and, paradoxically, the demand for greater comfort that came twenty years after those early corporate jets.

It should come as no surprise, therefore, that the Challenger averages a 22% lower rate of fuel consumption per mile than the Gulfstream III and virtually the same *rate of fuel consumption* per mile as the far smaller Falcon 50 and the tiny, short-range Falcon 20F.

Yet the Challenger is bigger than all of them in the one dimension most critical to passenger comfort and a realistic working environment: width.

Measured at the floor line, the Canadair Challenger is roughly 30% wider than the Gulfstream III, and 48% wider than the Falcon 50.

As for range, the IFR range of the Canadair Challenger makes it one of the few corporate jets in existence that can cross the Pacific with one stop. Or fly from New York to the Middle East with one stop. Or fly from Honolulu to Denver non-stop. Or from Washington to London non-stop.

For more information on the Challenger, call James B. Taylor, President of Canadair Inc., at (203) 226-1581. Or write Canadair Inc., 274 Riverside Avenue, Westport, CT 06880.

In the Mideast business world, TAG Aeronautics Ltd. is the exclusive distributor and representative for Challenger sales and support. For further information, contact Adel A. Oubari, Vice President, TAG Aeronautics Ltd. 14 Rue Charles Bonnet, 1211 Geneva 12, Switzerland. Phone: (022) 46 17 17. Telex: 289 084.

He'll undoubtedly give you a great deal to think about.

But who can say?

The next time you find yourself struggling down some endless corridor with your briefcase in one hand and your suit bag in another, trying to catch a plane that might or might not be there, the whole tableau of travel—what it is, what it should be and what it's doing to you—may, with the suddenness of some last new disappointment flashing on a departure screen, become perfectly and finally clear.

canadair challenger

TECHNOLOGY

EDITED BY ALAN CANE

UK fledgling spreads wings in office market

BY ALAN CANE

OFFICE TECHNOLOGY (OTL), a fledgling UK company with serious designs on the "office of the future" yesterday launched its first products in this fast expanding market.

It has pulled together ways of handling text, graphics and voice in a single system. It calls it "Information Management Processor." Less weightily, it could be described as the "intelligent dictating machine."

To cynical outsiders, it sometimes seems that manufacturers are vying with each other to stuff some humdrum item of office equipment with intelligence and use it as the cornerstone of a philosophy of office practice.

Thus, Nexos, the UK State backed office equipment company is putting great store by an electronic telephone switchboard based on a very fast U.S. computer.

Xerox, one of the leaders in office technology has created in the Star workstation an electronic desk; Burroughs has built its Ofis 1 system round an electronic filing system from which documents can be retrieved at superfast speeds.

None of this should detract from Office Technology's real achievement in creating an office system which offers facilities as advanced as any on the market, and in several ways, far ahead of its competitors.

The system is based around a pair of advanced workstations—one for typists and secretaries, the other for what OTL likes to call "principals": people who read, create and change documents.

The work stations carry out all the usual functions now expected of electronic office systems—word processing, electronic filing and electronic mail. Where OTL has taken a significant step forward is in adding voice processing to the system.

It functions like an intelligent dictating machine. Voice messages are turned into digital signals—the common currency of electronic information processing—so they can be handled exactly like text.

The messages can simply be stored to be used later for dictation; they can be mailed from workstation to workstation and they can be "annotated" to stored documents.

The theory is that spoken comments on a draft of a document are more valuable because of all the extra cues — tone, inflexion and so on—which the spoken word carries.

SPUD Taylor with the digitisation hardware from Office Technology

So, when an executive calls the draft of a document onto the screen and sees an annotation symbol, at the touch of a switch, a colleague's spoken criticism issues from the loudspeaker at the base of the workstation.

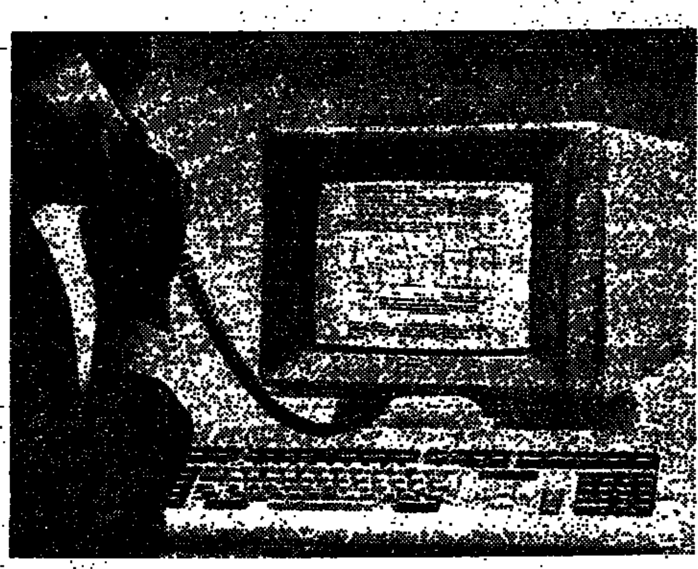
While spoken messages can be stored and forwarded within any IMP system, there is no interface at present with the public switched telephone network. Mr Spud Taylor, managing director of OTL, says that demand for such services is still too small, but that capability will be provided when the time is ripe.

The workstation keyboard has some nice touches. It can be used for word processing, voice recording, calculations, graphics and so on, and the keys for each function are grouped together.

While some suppliers—Xerox, for example, have gone for futuristic displays such as pictures of filing cabinets and documents on the screen, OTL has a more basic approach.

The options available to the user are clearly indicated on the keys: "spell word," or "view index," they say, "put on desk top" and "waste bin" (this last key consigns a document to electronic limbo for 24 hours then disposes of it).

The IMP system was designed by four systems specialists from IBM's Hursley laboratory in the UK, John Boal, John Holmes, Peter Shepherd and the psychologist Bob Remington.



A "principal" annotating in voice text and graphics document. The position of the annotation is shown by the loudspeaker symbol

The first system is being installed by British Rail as part of a Department of Industry pilot project in the electronic office.

Two workstations and a controller cost £20,000; extra workstations cost £3,600 or £5,000 with voice. A full size system could cost £100,000. OTL is based at Winchester on 0962 65353.

EAMACS arms for world forces strategic commands

A REMARKABLE combination of image processing, storage and colour display has been announced by EASAMS, the electronic systems wing of GEC-Marconi Electronics at Camberley, Surrey (0276 63377).

Called EAMACS, it is aimed mainly at the strategic headquarters of the world's armed forces where it would be used in the command and control functions.

Essentially, it is a method of dealing with visual data from a variety of sources such as radar, satellites and television cameras. The company believes that non-military applications will arise, for example in police work.

All the data, from whatever source, is digitised and held in solid state and disc stores so that it can then be manipulated to suit the needs of the user.

The display console itself has no keyboard. Instead, an infra-red touch location system is used: the screen can be touched, and the computer will immediately know at what point. A 56 x 48 array of infra-red emitters and receivers is deployed on the X and Y edges of the shadow-mask cathode ray tube screen.

The beams, interrupted by the finger, produce co-ordinates for the computer.

In this way, radically different tasks can be performed at the same display. An initial menu is displayed as annotated "buttons" on the screen. These are touched to give the task required, for example "air traffic control."

Then, various maps can be brought up with all the aircraft tracks on them and the map scale hcanged at will.

By simply touching one of the targets, data relating to it (identity, position, speed, altitude) can be made to appear in a box at any desired place on the screen, connected to the target by a leader line. Furthermore, areas of interest can be literally "drawn" with the finger on the screen in the form of polygons.

Software, just as extraordinary, has been developed to deal with terrain in what is called "digital land mass simulation." Starting with a map, shares of, say green, can be allocated to areas between contour lines, or alternatively the shades can be determined by slope, giving the effect of side illumination of hills and mountains.

After that, the technique takes on a magical air. Using overlaid "buttons" the user can find out what the ground looks like from any chosen position in space. In a minute or two the user can be transported to the top of a mountain, or to sea level to look along the surface of a lake at the mountains beyond. The picture can be rebuilt in slow (five minutes), or less detailed fast mode.

Alternatively, a cross section can be cut through the land at any point—useful when determining the line of sight interruptions for radio transmitter and receiver.

In the same general way, images can be taken from TV cameras or from thermal imagers. When they come on to the market, video discs will be accommodated as well.

The system can be configured so that several users can bring up different images on their screens.

EAMACS is not dependent on any particular computer or display equipment. Quite often, it could be introduced into a customer's command and control centre using many of the existing components.

First orders for the equipment are likely to come from the Middle East.

GEOFFREY CHARLISH

TV power by wind and sun

THE first television transmitter powered by wind and sun has been completed by the Independent Broadcasting Authority at Bossiney in Cornwall.

The experimental station will provide ITV, BBC and later Channel Four programmes to about 300 people in the area.

The experimental use of wind and solar generators for television transmitters is intended to last for several years. Data will be taken daily for analysis at the IBA computer at Winchester, and results compared with performance predicted by a study of meteorology studies of daily wind and sun records over the past 10 years.

Power for the Bossiney station will be provided by the wind or solar generators, or from a bank of 36 lead acid batteries (about 1000 Ah) which will be kept charged by excess power from the generators.

The wind generator has an output of 150 watts at a wind speed of seven metres/second. The 24 solar panels, consisting of 864 silicon solar cells, can provide 780 watts at peak sunlight. The transmitting equipment has a consumption of about 150 watts. More from 01-584 7011.

MAX COMMANDER

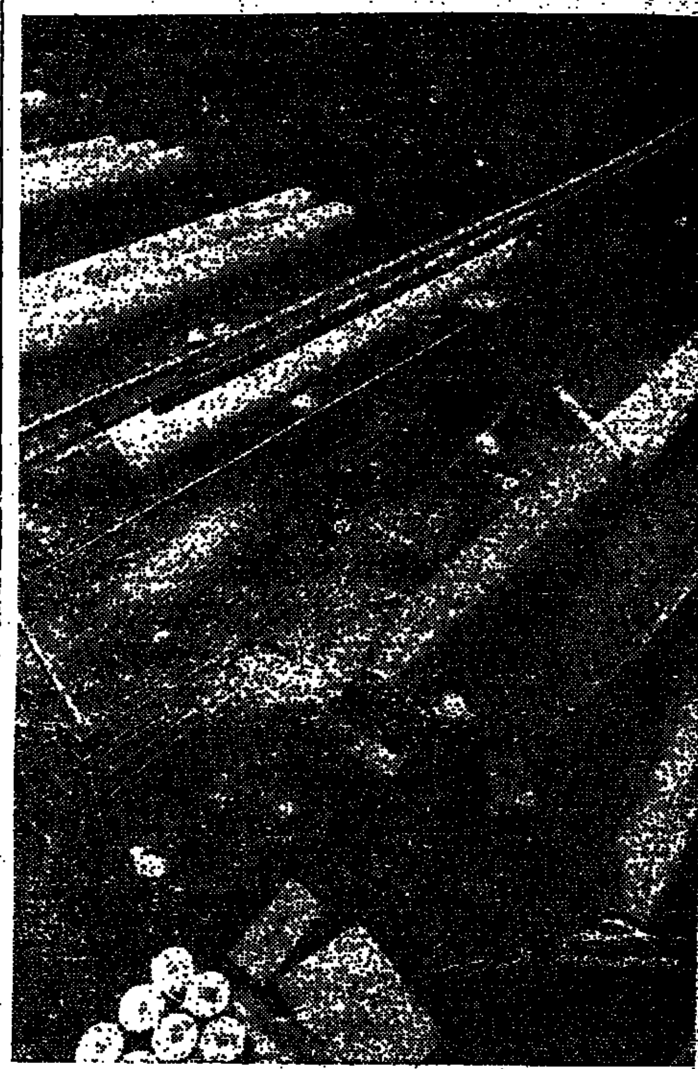
Cartridge connector

SUITABLE for liquids or gases, the new Revcol cartridge connector can, the company claims, enable nylon or metal tubing to be connected or disconnected from components instantly by hand. No tools are required.

The cartridge consists of an acetal copolymer collet with stainless steel grippers, an "O" ring which can be made of any specified material and a brass ribbed outer sleeve. Revcol is at Horton Bridge Road, West Drayton, Middlesex. West Drayton 49233.

Standards for fire extinguishers

DESCRIBED as the first standard in the world for small, disposable fire extinguishers is a new publication entitled BS 6165 from the British Standards Institution. More on 01-629 9000.



Pipe jackets in six-minute passes

THIS MACHINE, made by Venus Products of the U.S. and marketed in the UK by CT (London) is called a chop hoop winding machine. It is spraying the rotating pipe with resin and chopped glass fibre and at the same time winding on a 60-strand glass filament. A 40 ft long pipe of about 18 inches diameter can be jacketed in this way in two six-minute passes.

Object of the coating is to protect a previously applied coating of foam, necessary to insulate pipes that are carrying temperature sensitive fluids. In a temporary plant at Immingham, South Humberside, a project is nearing completion in which about 20 miles of pipe are being processed for the Morecambe gas field. More on 0483 502020.

Ultrasonic flowmeters

STARLING Envirotech of Burgess Hill, Sussex has increased its range of ultrasonic flowmeters. A new kit, designated FM 523, contains parts, including a hole pipe cutter, installation instructions, and is suitable for pipe sizes from 409 mm to 2,000 mm. More on 04446 2761.

Congratulations from Nissan Motor Co., Ltd.

Kokutani Flat Bowl with design of butterfly, peony *and hexagonal pattern. Coloured painting.* Important Cultural Property.

The term "Old Kutani" refers to those ceramic works said to have been fired at Kutani Village, in ancient Kaga (present day Ishikawa Prefecture) from the early to the middle Edo period *(mid. 17th—early 18th* century). *The details* are vague and the early history of Old Kutani ware remains unresolved. But Old Kutani ware, along with that of Arita's Kakiemon *and Kyoto's Ninsei, is a* well-known representative of Japanese multi-coloured overglaze enamelled pottery and porcelain. Old Kutani ware features a design executed with vigorous brush *strokes, using rich colours in bold* composition —all reflecting an unabashedly sumptuous taste. The decorative design, moreover, frequently consists of two distinct *elements—painting-like motifs combined with geometric* elements. This flat, wide-rimmed bowl with painted multi-coloured design of butterfly, peony and hexagonal "tortoise shell" pattern—an example of the so-called "5-colour Old Kutani"—most satisfactorily displays such characteristics. The plain ground, a white porcelain slightly tinged with *grey, is covered with a clear white glaze over which the* design is painted using Old Kutani's characteristic strong tones. Occupying the center of the bowl is a magnificent large circular peony and a bud painted *in rich purple tones;* two butterflies, executed in fine but strong red lines, fly playfully about. While the hard lines of the butterflies inhibit *any sense of movement, the peony, on the other hand,* appears blown in the wind, weighted down by its own blossom; further, a bit of naturalistic expression is imparted *to the design by the use of yellow glaze on the tips of the* leaves to express their dryness. The rim of the bowl, in contrast, is encircled by Old Kutani's characteristic hexagonal *"tortoise shell" motif. Fine pattern fills the frame grounds* of the hexagonal forms; the motifs inside the hexagonal frames alternate between a geometric design and a facing-*butterfly design, both coloured in blue-green, purple and yellow* overglaze enamels. This is a large bowl with expanding sides, wide interior surface and high foot. An Old Kutani master*piece renowned for its restrained gorgeousness.*

THE GREAT JAPAN EXHIBITION

Art of the Edo Period 1600—1868

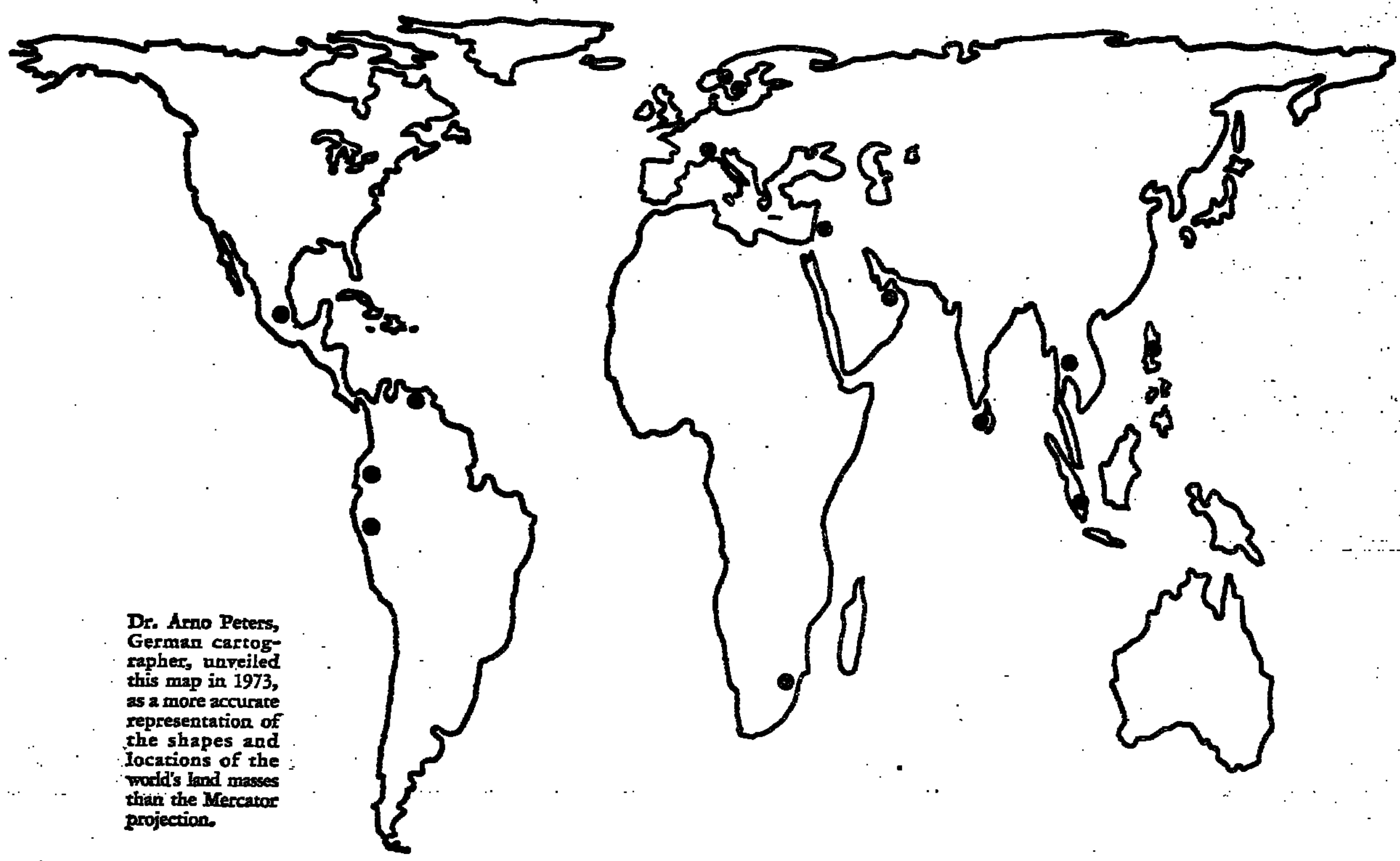
October 24, 1981 to February 21, 1982 The Royal Academy of Arts
(This exhibition will be closed from Dec. 21 to Dec. 27 inclusive.)

An exhibition, organised by the Royal Academy in partnership with the Japan Foundation, and sponsored by Midland Bank International in association with The Observer, Overseas Containers Limited, Pringle of Scotland, Shell Sekiyu and John Swire.

DATSUN THE NAME OF QUALITY NISSAN NISSAN MOTOR CO.,LTD.

This advertisement is through the courtesy of **NISSAN MOTOR CO., LTD.**

Some Very Uncommon Newspapers Have One Thing In Common



Dr. Arno Peters, German cartographer, unveiled this map in 1973, as a more accurate representation of the shapes and locations of the world's land masses than the Mercator projection.

Svenska Dagbladet
Stockholm, Sweden

Vart Land
Oslo, Norway

Tribune De Geneve
Geneva, Switzerland

El Comercio
Quito, Equador

El Diario
Caracas, Venezuela

La Prensa
Lima, Peru

Uno Mas Uno
Mexico City, Mexico

The Nation Review
Bangkok, Thailand

Sin Chew Jit Poh
Singapore

The Times Journal
Manila, The Philippines

The Sunday Observer
Colombo, Sri Lanka

An Nahar Arabe Et International
Beirut, Lebanon

Khaleej Times
Dubai

Rand Daily Mail
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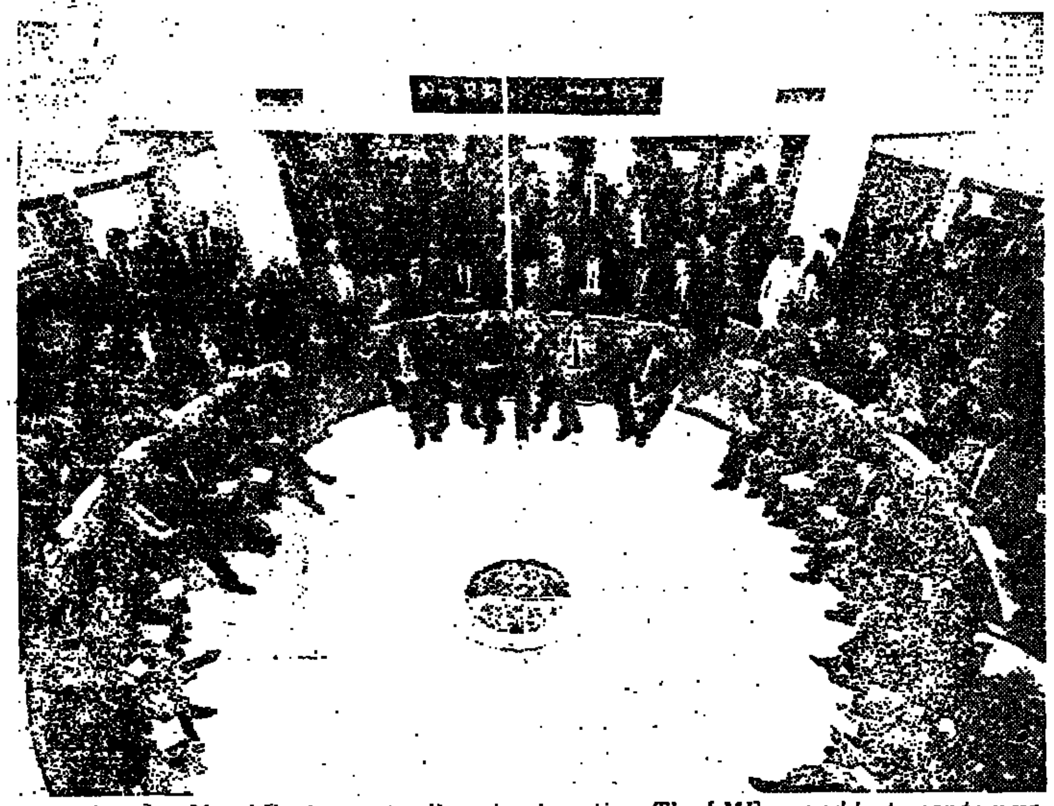
FINANCIAL TIMES SURVEY

Tuesday October 13 1981

METALS

Markets have been volatile despite the recession and poor demand has not led to a build-up of surplus stocks. There are fears though, of a price explosion when demand returns to normal. Although short-term prospects are unpromising, next year may be an exciting one for metals.



The London Metal Exchange trading ring in action. The LME moved last year to new premises in Plantation House, Fenchurch Street, after 98 years in Whittington Avenue

Record prices defy trends

By John Edwards
Commodities Editor

FACED WITH the worst economic recession since the 1930s the metal markets have been remarkably volatile during the past year.

In spite of poor demand, high interest rates and low level of industrial investment, there have been record prices for tin and tremendous surges in lead and zinc values. Copper prices too have shown signs of strengthening, although producers would argue that they remain depressed in real terms.

An *unusual feature of this* recession has been that it has not resulted in the kind of build up in surplus stocks that has happened on previous occasions.

The best example is copper. In January 1978 stocks of copper held in the London Metal Exchange warehouses climbed to a peak of over 645,000 tonnes after having been down to under 11,000 tonnes in mid-1974. But during the past year warehouse stocks of copper *have remained* stable, varying only between 130,000 to 110,000 tonnes.

Stocks of other metals have been more variable but in general it can be said that a *build-up of heavy surpluses* has not occurred, with one or two notable exceptions such as cobalt and molybdenum. Aluminium, tin and silver stocks have also risen sharply but those markets to account for the rises.
there are special factors in

There are also several special reasons that account for the failure of stocks to rise. Strikes and supply disruptions have affected copper, lead and zinc substantially, and ironically the recession has meant a reduction *in scrap metal* producting owing to lack of investment in new machinery and plant, plus a *cut in scrap arising from* manufacturing processes.

It also seems to be true that primary metal producers these days are far more sensitive to market conditions and far more *prepared to cut back output to* match demand. In the case of zinc there is no doubt that production has been drastically cut as a result of loss of congdence amongst producers about future *consumption* prospects.

It has taken several years to happen, but there is now a genuine shortage of concentrates because of mine production cutbacks. This scarcity cannot be quickly remedied.

Other metals are in a similar position. As a result of the low stocks held by both producers and consumers, and the timelag that would be required to boost output, some traders *are predicting that there could* be a price *explosion* when demand for metals does recover to normal levels.

It was thought this could well be in the last quarter of this year. but it now looks as if it *could be delayed even longer* given the state of the American economy and the continued high interest rates in the U.S.

Already, however, the low stock levels have left markets extremely vulnerable to raids either by outside speculators or trade interests.

Unacceptable

There is increasing concern *that the growth in speculation* on the metal markets has reached an unacceptable level.

Nowadays prices appear to be mainly moved by the reaction of speculators — particularly *those dealing through the large* American commission houses— to a wide variety of influences.

Very often fundamental supply demand developments are swamped, or totally ignored, by *speculators reacting to non-*trade influences, particularly changes in exchange and interest rates, economic forecasts and political considerations.

Metals are seen more as a haven for funds, or an investment vehicle, although advantage is sometimes taken of supply developments when they can be used to force prices up or down. As a result the reaction of the markets on many occasions is very much overdone with prices being forced either artificially high or low. Although it can be argued that these fluctuations even out over the longer term, there is no doubt that considerable problems can be created by *violent short-term* fluctuations both to producers and consumers.

Efforts to try and stabilise metal prices through international commodity agreements *have proved unsuccessful so far.* Negotiations for an international copper pact, which was one of the main planks in the Unctad integrated commodities programme, have virtually broken down and no progress is being made.

The International Tin Agreement, the oldest surviving commodity pact, is also threatened. Although terms of a proposed new (the sixth) Tin Agreement were finally agreed after several negotiating sessions, the U.S. and Bolivia have indicated they will probably not join and with these absentees West Germany and Britain also have serious doubts about joining.

There is still time for a change of heart before the present Tin Agreement expires next June, but the bitter dispute at the present Tin Council meetings over prices and the recent manipulation of tin market prices by suspected producer interests does not augur well for the future.

The fact is that in recent years the trends on the metal markets has been away from price stabilisation towards far more volatility. Free market forces have triumphed over the producer price system, especially in the U.S., with aluminium, copper and nickel producers all losing their previous control over prices.

The constant fluctuations exchange rates for a start make it virtually impossible to establish an international price. Most international producer prices *are based on dollar quotation,* which is then transformed into local currency rates. But the continuous change in the value of the dollar these days means that the producers' return varies *considerably.*

At the same time more international communication and more sophisticated trading techniques, have increased world trade and competition in *metals so that* producers can no longer dominate their domestic markets as in the past.

Increased competition has also come from governments, whose metals sales policy is often influenced more by national needs than the state of the international metal market. In many cases the traditional pattern of trade has been greatly changed by the entry of powerful newcomers and the growth of big international trading groups. It is no exaggeration to say the whole metals industry has changed and may well change even more in future.

Oil companies are not the only groups showing a greater interest in moving into metals. *Investment interest in metals* has grown enormously in recent years as a means of protecting funds against the ravages of inflation and currency changes.

So far investment activity has been mainly confined to precious metals and base metals traded on the London Metal Exchange, since there are markets available with facilities for both buying and selling at known, publicly quoted, prices.

Fresh interest

But more recently greater interest has been shown in the so-called strategic metals, where trading is often confined among a few specialist producers, consumers and merchants. In these narrow markets the impact of large sums of investment funds could be considerable and indeed is already being felt.

This year has seen the first purchases by the U.S. strategic stockpile of metals considered essential to American defence requirements for over a decade. France has already built up some reserves. Japan is *reported to be considering* a stockpile of rare and strategic metals, West Germany and Britain are also considering the idea.

The fear is that in the years *ahead supplies of certain vital* metals may be cut off or fall into the hands of governments hostile to the industrialised Western world countries. In particular there is concern that the supply of several key metals is centred in the politically sensitive area of southern Africa.

Private investors claim they are merely anticipating events and may well perform a useful function in helping to finance the creation of mini-stockpiles, available for industry at a price. But there is considerable apprehension that the growth in investment activity could further disrupt the markets and upset the traditional pattern of trading, governed by the forces of supply and demand—just as the American stockpile has in the past.

Until now the recession in demand has maintained a general dampening influence on prices as a result of supplies being more than adequate. But once the recession fades, and consumption starts returning to more normal levels, the effect of speculation in all metal markets might be severe.

A short-term spectacular boost in prices could have a considerable long-term effect in reducing demand by encouraging the use of substitute materials and hastening the arrival of competition from new technical developments such as optic fibres and microchips. Already the miniaturisation of many products has resulted in a reduced tonnage of metals in several key markets.

A resurgence of trading activity is long overdue for companies who have found their overhead costs growing faster than their volume of business.

The introduction of futures markets for aluminium and nickel in recent years has helped London Metal Exchange traders to stay afloat and the planned London market for gold next year should provide additional volume, even though it may change the face of the Exchange by bringing in a clearing house system and possibly new member companies.

Although the signs are not particularly promising at present for a quick end to the recession, 1982 may well prove to be an exciting time for metals.

CONTENTS

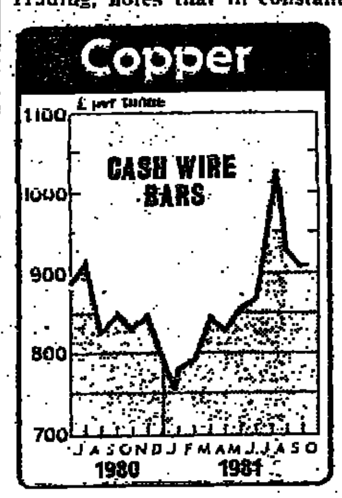
METALS II

Year expected to end gloomily

THE PAST year has not been a particularly happy one for copper producers, and it seems likely to end on a gloomy note. Although prices on the London Metal Exchange appear to have shown a fairly healthy increase in real terms, they remain very depressed.

The latest issue of Metals and Economics Trends, published by Amalgamated Metals Trading, notes that in constant 1980 dollars its forecast average price for 1981 of 81 cents a pound would make it the lowest average since 1958. Recent developments in the stock markets, and the gloom about industrial prospects, suggest that even that average price target may not be met after all.

However, with values already so low the scope for them to fall still further seems fairly limited and the potential for a move to higher levels is that much greater.



Unfortunately for producers, there has been a series of false dawns during the past 12 months when prices have looked set to take off, only to fall back again as buying interest faded away again. Most of the price surges have been speculatively inspired, reacting either to political developments, such as the possible invasion of Poland or the continued troubles in the Middle East, or alternatively a new currency crisis.

The fundamental weakness in the market has been continued lack of demand, with the high interest rates encouraging consumers to keep stock levels to a minimum. Thus, while there has been a series of supply interruptions, notably in southern Africa and South America, prices have failed to respond.

At the same time, however, it is also true to say that there has not been any build-up in surplus stocks—if anything they have fallen as a result of production cutbacks and supply disruptions even though consumer demand has remained so poor.

Deteriorating production levels, particularly in Zambia, as a result of the depressed prices suggests that next year a shortage could emerge even if there is only a slight recovery in consumption. Should demand return to normal levels, then a real scarcity could develop and the long awaited price surge take place at last.

The leading copper exporters, Chile and Zambia, have already indicated that they will be pressing for higher premiums, over and above the base LME quotations, in the supply contracts for 1982 currently being negotiated.

Consumers were hoping that the replacement of the long-established copper wirebars contract on the London Metal Exchange with a new high-grade contract would make price terms in the supply contracts simply and make premiums unnecessary. Under the new high-grade contract which was phased in on October 1, and replaces the wirebars contract completely at the end of the first three months period on January 1 next year, deliveries can be made of both wirebars and high quality cathodes.

The change recognises the fact that during recent years production of wirebars has been declining in favour of high-quality cathodes and the traditional LME contract was, therefore, becoming somewhat unreal as a pricing basis for supply contract mainly concerned with quality cathodes.

The low-grade cathodes contract remains the same and it is confidently anticipated that the disappearance of the wirebars contract will make little difference; it will simply be replaced by the high-grade contract which has far greater flexibility for deliveries and is more in tune with the needs of the industry.

What level of premiums exporters will be able to extract from consumers, allow for the advantage of specified delivery of known brands, depends on negotiations of other terms and more importantly market prospects at the time. Concessions on both sides normally are influenced by the keenness of consumers to buy or of producers to ensure sales.

At present the outlook is looking far from promising, in spite of expected production deficit for 1982, but sentiment can change very quickly.

JOHN EDWARDS

SUMMARY WESTERN WORLD REFINED COPPER

('000 tonnes)

	1976	1977	1978	1979	1980	*1981	*1982
World stocks start year	2,586	2,784	2,753	2,345	1,824	1,592	1,762
Refined production	6,665	6,869	6,869	7,002	6,990	7,125	7,360
Refined consumption	6,450	6,898	7,253	7,539	7,232	6,875	7,508
World stock year end	2,784	2,753	2,345	1,824	1,592	1,762	1,574
Ratio stocks to consumption (%)	43.2	39.9	32.3	24.2	22.0	25.6	21.0

* Estimate. Source: Metal and Economic Trends.

Secret buyers force prices to record

TIN PRICES have behaved in remarkable fashion. Traders, and forecasters, are generally agreed there is another surplus of supplies this year because of poor demand in the industrialised countries. Yet prices in both London and Penang, Malaysia, have reached record highs recently.

Especially surprising on the face of it is that the upsurge in values, after the market had fallen to the lowest levels for several years, came in July just after the International Tin Council for the second time rejected producing countries' demands for a rise in the International Tin Agreement price range. Therein, perhaps, lies a clue to the extraordinary strength of the market recently. The surge in prices has come almost entirely as a result of heavy buying up of available supplies by one dealer in particular, acting through various brokers.

That is known. What is not known, however, is who is behind this, very expensive manipulation of the market which is already estimated to have cost well over £100m. It could be a purely speculative exercise by a dealer taking advantage of a particular market situation. Or it could be financed by oil-rich speculators or countries wishing to acquire reserves of a metal, becoming increasingly scarce as known reserves are used up and not balanced by new discoveries.

However the timing of the rise in prices just after the last Tin Council meeting, and its maintenance until this month when the council is due to meet again and consider producers' demands for a higher price range, has roused suspicions among traders that the producing countries, especially Malaysia as the biggest producer, are involved.

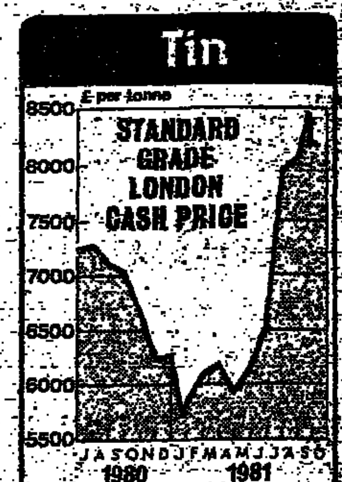
Various statements made by Malaysian politicians, and the aggressive attitude it has taken in support of the rubber market, has added fuel to the speculation that Malaysia is involved in propping up tin prices with hopes of forcing consumers to agree to a tin price range increase this month.

The situation may become clearer after the International Tin Council meeting in Kuala Lumpur this week.

There is also considerable uncertainty about the future of the International Tin Agreement, which is due to expire next June. Although the terms of a new (sixth) agreement has been negotiated, after a series of meetings, the U.S. and Bolivia have both indicated they are not keen to rejoin and this has raised doubts among EEC countries, notably Britain and West Germany, about the future viability of the agreement—the oldest surviving commodity pact. The U.S. and Bolivia still have time to change their minds.

But the bitterness between producing and consuming countries over the refusal by consumers to approve a price range increase, which resulted in producers walking out of the April council meeting in disgust, suggests that the battle between the two sides will continue. This may well mean a torrid time for the tin market next year.

JOHN EDWARDS

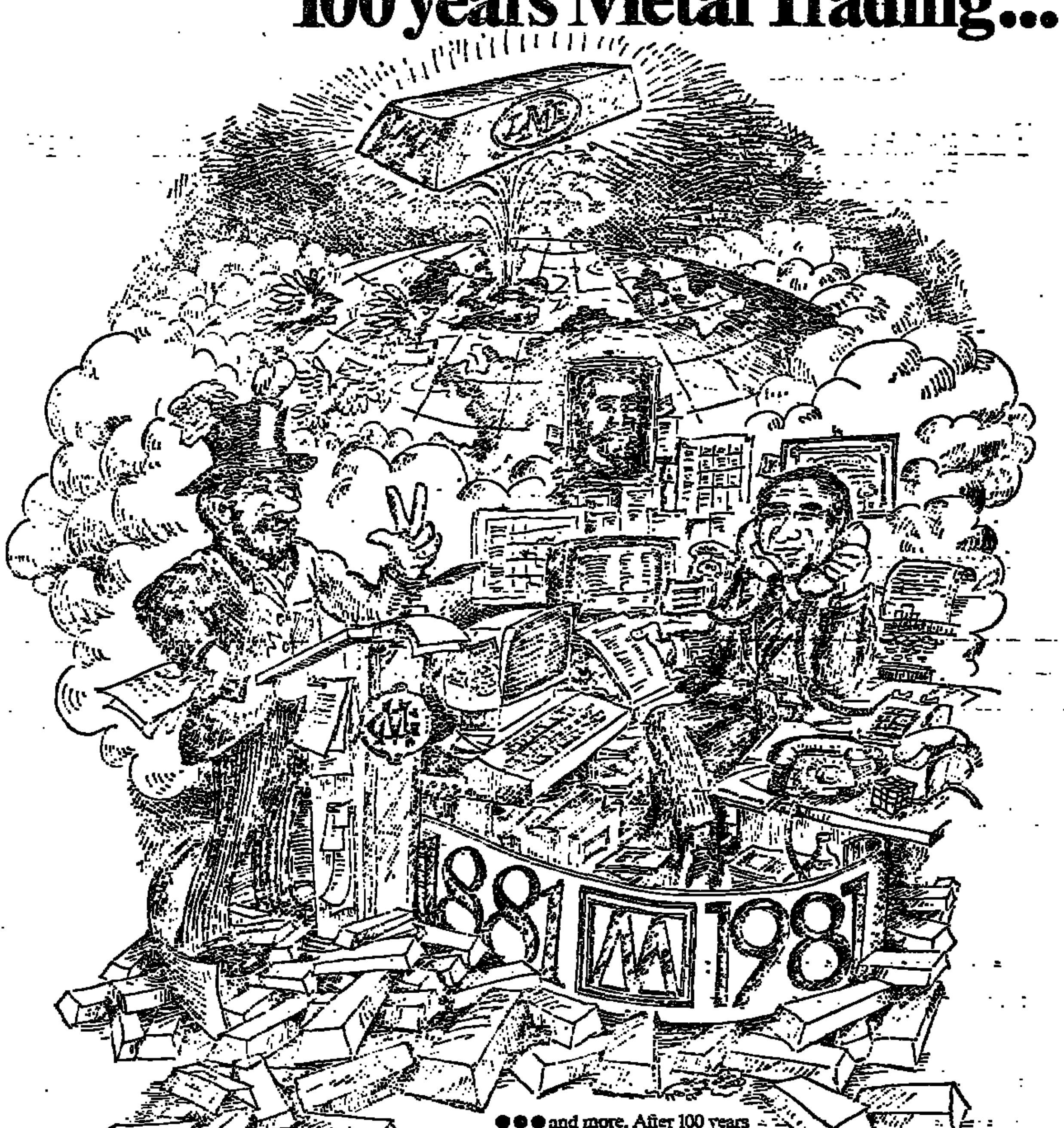


WESTERN WORLD PRIMARY TIN SUPPLY-DEMAND

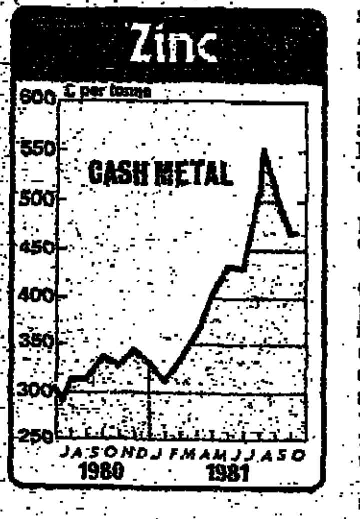
(000's tonnes)

	1976	1977	1978	1979	1980	*1981	*1982
Production of tin-in-concentrates	180	189	197	201	197	197	202
Production of tin metal	183	189	186	201	200	194	197
Add: Imports tin metal—China	7	5	4	2	2	8	3
Less: Exports tin metal	24	24	25	27	28	29	30
Total new supplies	166	161	165	176	174	173	170
Consumption	193	172	171	172	161	156	167
Net balance: New supplies	−27	−11	−6	+4	+13	+17	+3

* Estimate. Source: Metal and Economic Trends.



Prices remain uncertain



THREE EUROPEAN producer price increases this year, and a rise in LME prices at one stage to the highest level since 1973, have meant an exciting time in the zinc market. That excitement has been tempered recently by a sharp fall in prices, with the possibility of producers having to cut the European price under pressure from the U.S. But it is by no means certain that prices will not be forced up again once demand starts to climb back to normal levels.

It is generally acknowledged that consumer demand for zinc overall has been at a low ebb, with the recession hitting its main outlets—in galvanising and die-casting. The reason prices moved up so strongly was almost entirely because of supply shortages created by short and long-term developments.

The short-term developments were several strikes at mines in North America and more recently the stoppage at Tara Mines in Ireland, which remained unsettled at the time of writing. The strike at Tara has been of particular significance since it has aggravated the shortage of concentrates available to European smelters and, thereby, strengthened the hand of Canadian and Australian mine producers supplying the European market.

Mine producers have been suffering heavy losses on zinc ever since the market collapsed after teh 1973/74 boom. They have been determined to force up prices to more economical levels as soon as the opportunity occurred.

It came this year when the shortage of concentrates, resulting from mine shutdowns and lack of investment in opening new capacity, really began to be felt in spite of the low level of demand.

The extra supply cutbacks resulting from the various strikes tipped the balance in favour of the producers and they were able to raise the European price in three stages from $825 to $875, then $925 and recently $1,000 a tonne.

Add to that the recovery in the value of the dollar, and consumers in Europe have been having to pay a lot more for their zinc. On the London Metal Exchange free market for zinc, prices started the year just over £300 a tonne and reached a seven-year peak of £548 in August before easing back to below £500.

In the background is the battle between mine producers and custom smelters in Europe. Mine producers believe that part of the reason why they have been receiving uneconomic prices in past years is because of smelting overcapacity.

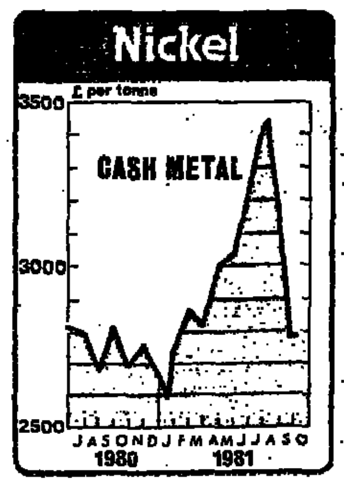
They, therefore, welcome the opportunity to squeeze the independent, custom smelter by lifting the European producer price on the back of the shortage of concentrates and forcing the smelters to pay more at a time, when they are meeting great resistance from customers to the higher price for the metal.

One major European zinc smelter (in Belgium) has already been forced out of business and some others are undoubtedly facing financial problems. But there could be a long-term backlash for mine producers if they pursue this policy too far.

Already there are signs that this year's rise in prices at a time when demand is at a low ebb has hit consumption badly in some sectors where the buyer is unable to pass the increase on.

In the short term the zinc market looks fundamentally sound with supplies restricted, and demand likely to rise rather than fall in the year ahead. But the longer term outlook is less optimistic with consumption of zinc quite possibly falling again while the higher prices stimulate production.

JOHN EDWARDS



Market slow

INTERNATIONAL NICKEL surprised the market in November last year by suddenly announcing that it was prepared to offer a 6 per cent discount on its official quoted price. It took this unusual measure in an effort to maintain the quoted producer price system and not return to the chaos at the end of the 1970s when the whole pricing system broke down.

Inco instead acknowledged that discounting from the published prices was going on and tried to formalise it for a limited period.

The manoeuvre appears to have worked in that the discount resulted in a temporary rise in sales and the producer price structure has been maintained. The discount, which was followed by other producers, was phased out at the end of June.

However, it can hardly be said that the nickel market is in a very healthy state. In spite of severe production cutbacks by the leading producers, surplus stocks have built up in the face of poor demand resulting from the industrial recession.

The problem of surplus stocks is nowhere near as serious as it was a few years ago when the build-up of excessive holdings almost financially crippled International Nickel and put extreme pressure on other producers. But there is no doubt that the nickel industry is far from profitable at present, with producers unable to raise prices in line with the inflation of costs.

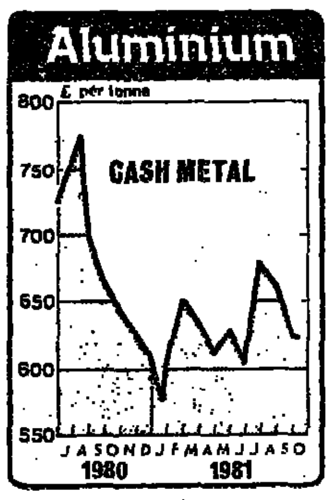
The lack of activity in the industry has been reflected in the nickel futures market on the London Metal Exchange, where turnover has fallen to a disappointingly low level.

As a result of this thin trading, LME nickel prices have fluctuated in bewildering fashion for no particular reason, mainly influenced by the changes in the dollar/sterling parity rates. The market, which was strongly opposed by producers as being a disruptive element, has so far not made sufficient impact to judge one way or another.

The London Metal Exchange is confident that it will establish itself as an alternative source of supplies and pricing media for the free market in nickel, not controlled by the major producers. But this may take some time to develop since market prospects show no great hopes of improvement at present.

JOHN EDWARDS

Industry shocked by fall in demand



A WIDE gulf has appeared this year between quoted producer prices for aluminium and the London Metal Exchange and free market prices which reflect daily valuations of the worth of, and the need for, the metal.

Nobody would be so naive as to suppose that the producer prices represent in these difficult times the prices at which the metal is traded between producer and user. The real price lies somewhere between the producer price and the LME trading price.

The adjustment is taken care of, of course, by discounts offered by the metal producers upon their list prices.

No producer likes discounting. Recently, Alcan in Britain has made a resolute attempt to get back into profit by announcing that it is cancelling its discounts, thus raising the price of its ingot metal by £50 a tonne. That initiative was not immediately followed by others trying to hold the dyke. It may be that the market is too weak at present for producers to achieve their aspirations and that discounting will continue to be a way of life in the aluminium trade until the market becomes stronger.

The surplus of aluminium in the world is a new phenomenon. It has only become truly visible within the past 12 months. It is a potent factor nevertheless, and it has caused a fundamental re-thinking of long-term aluminium production strategy to begin. Stocks are now about 2.5m tonnes.

The aluminium industry conducted its business until the present recession on the basis of annual growth rates in excess of world economic growth rates. In its most exciting post-war period, the industry became used to 8 per cent annual growth. The sudden reversal of fortunes has not been easy to accept. Demand for the metal has actually fallen within a year by nearly 4 per cent.

While producer prices are generally at a discount, the movements of the London Metal Exchange price are providing an indicator of the fluctuating demand for aluminium. However, the LME price definitely does not show the price at which aluminium is changing hands day by day. It should be regarded mainly as a barometer which may not be accurately adjusted but which can reflect rises and falls with a high degree of truth.

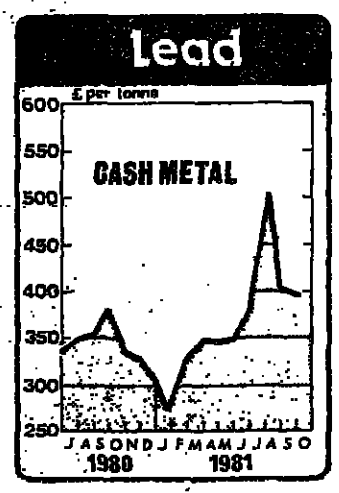
Many smelter projects around the world are being delayed and some cancelled. In Japan and the U.S. existing aluminium production capacity is being retired to match production to demand.

The European aluminium producers are still enjoying relatively good business in aerospace metals, although demand has fallen away this year as customers have began eating into high stocks. In some other sectors of aluminium sales the market is poor. Many companies are losing money on production and sales.

Some salesmen claim to see the end of the depression at last and are reporting better trading during recent weeks. They are unable, or unwilling, however, to agree whether the market for fabricated aluminium is returning to a more normal pattern at long last, or whether they are viewing a false dawn.

ROY HODSON

Wide fluctuation



LEAD PRICES have moved in a fairly wide range during the past 12 months as a result of a series of strikes and supply disruptions affecting the market. Cash lead, which fell below £275 at the beginning of the year, surged to over £500 in August but has recently fallen back below £400 again.

All these fluctuations have occurred during a period when demand for lead, in common with other metals, has been distinctly depressed by the industrial recession especially in the industry which is a major user of lead-acid batteries. An interesting side effect of the recession, however, is that it does reduce supplies of scrap lead following the decline in the investment in new machinery or plant and the slower turnround in the battery market.

Since secondary, or scrap, supplies, account for well over half of total lead sales normally, any setback in this sector is very important. At the same time, supplies of primary lead have been cut back by some major strikes in the main U.S. producing area of Missouri, in Canada, Ireland and Australia.

Cutbacks in other metals, where lead is a by-product, and technical breakdowns have also hit primary lead output, so perhaps the sharp fluctuations in price are not so surprising as might seem at first glance.

A steep decline in the amount of lead stocks held in LME warehouses underlines the point. A year ago there were close to 80,000 tonnes, but they came down steadily to nearly half that level in August before rising slightly again subsequently.

The normal reports of Russian buying, which has so excited the market in the past, have been noticeable by their absence this year. But this may well be because the Russians have now made more practical arrangements to buy direct from producers, by-passing the Exchange and avoiding the kind of supply squeezes that have cost them a lot in terms of artificially high prices.

Speculators have continued to play their part, however, in pushing prices up and down. As the cheapest metal on the Exchange, lead is the easiest for the small investor to buy when wanting to become involved in metal trading, and in recent years it has become quite a favourite with commission houses and investors.

Prospects for 1982 in common with other metals appear to depend once again on how the American economy responds to the efforts of the Reagan Administration to fight inflation.

But demand for lead could hardly fall much, while there is considerable scope for it to rise in the short term especially if a cold winter this year boosts demand for batteries. A long-term threat is posed by the development of alternative batteries but this is likely to be a slow process. The move to remove lead from petrol has slowed down in line with anxieties about oil supplies, but increasing concern about the health hazards of lead in the environment is likely to build up in the years ahead not fade away.

JOHN EDWARDS

Speculators with strong nerves able to reap big rewards

INVESTMENT
BY A CORRESPONDENT

INVESTMENT or speculation in soft commodities and metals involves greater risks than those associated with many other financial operations. The minimum funds employed compared with, for example, those utilised in the stock and bond market, are generally much higher and commodity and metal markets are notorious for their price volatility. Although recent developments on world stock exchanges illustrate that price volatility is not unique to commodity markets.

Nevertheless, for those speculators with good nerves, sufficient funds and a penchant for adventure, commodity and metal markets offer chances of major financial reward, even though losses can be substantial. Such markets also offer opportunities for investment.

The distinction between a commodity speculator and an investor essentially stems from their respective modes of involvement in the commodity markets. A speculator enters futures markets as a buyer or seller of a commodity by placing a deposit with a recognised broker amounting to about 10 per cent of the overall value of the position he is adopting.

The time-scale of his involvement is usually short, generally spanning periods from a few hours to several weeks. The speculator is usually not interested in taking physical delivery of the commodity concerned and thus closes out his position with a counter-balancing trade (if he has bought 25 tonnes of coffee for delivery in March he will sell a similar amount before he is delivered the commodity) thus neutralising his position within the market.

On the other hand an investor is more interested in longer term buy-and-hold operations. He, for example, buys copper for immediate delivery on the London Metal Exchange by putting up the full price of the warrant which entitles the bearer to the stated amount of the metal in an approved London Metal Exchange warehouse. Alternatively, an investor can pay an LME dealer an appropriate deposit, once again probably around 10 per cent of the value of the metal involved, and buy forward on the market at a stated date.

When that date falls due he pays the remainder outstanding and takes delivery of the metal. Forward purchases can, however, involve additional margin payments to supplement the original deposit in the event of prices moving against the speculator or investor ahead of finally neutralising the position.

The nature of speculative operations means that such operators are a continuing force in the market, endeavouring to make profits on price fluctuations, whether upwards or downwards. Investors, however, endeavour to buy in at the lowest possible levels and hang on over a considerable time period, riding out periods of price weakness in the hope of maximising long term gains.

It is generally accepted that the speculative tradition in soft commodities and metals, particularly in the former, is greater than that of buy-and-hold investment. Bruce Leeming, a director of London Metal Exchange ring dealing member Rudolf Wolff says a good deal of metal investment education was attempted during the mid-1970s, particularly among pension fund and other institutional investors. He says there is a continuing modest activity from this sector, but it remains primarily an untapped source of funds.

In the past two or three years, many individual market operators have shown increased interest in buy-and-hold investment on the London Metal Exchange.

In recent years commodity and metal market operators have become increasingly sophisticated and the increasing role of commodity funds, syndicates and other forms of pooled trading have helped open up these markets to the smaller speculator or investor who cannot afford to trade "naked" futures or purchase physical metal solely with his own resources.

Aided by sophisticated computer technology some commodity and metal traders have sought to establish automated dealing programmes which often play on perceived interrelationships between the performances of several markets. These can trigger buy and sell signals designed to, hopefully, minimise losses and maximise profits. Moreover, the role of the chartist who bases commodity market operations on predictions derived from the interpretation of historical price patterns is becoming more important.

"We know that, statistically, even for the successful trader only 40 per cent of their trades yields a profit," says independent London-based market trader Robin Edwards, who bases his commodity business on his own chart-oriented commodity system. "It is not a question of being right or wrong, but of developing a trading system which enables the investor to make a substantial gain when he is right, yet keep his losses to a pre-determined minimum when he is wrong."

Edwards says the object of his system is to take advantage of major price movements by identifying chart patterns preceding the establishment of a major trend. To do this he calls upon the library of historical chart patterns he has personally assembled.

Part of the art of trading by charts is to avoid being influenced by fundamental news (developments which affect current or potential supply and demand for commodities and metals), though, naturally, overbearing factors, such as a major frost in Brazil or a military coup in a leading copper-producing state, must be taken into account.

Just as improved technology and more sophisticated fundamental and chart analyses of markets have assisted decision-taking, the increased popularity of new forms of trading have helped promote wider participation. Syndicated trading involves several participants pooling their resources, thus minimising their exposure to the machinations of the market-place. Commodity funds similarly limit risk, not only in terms of the smaller amount a speculator or investor is able to put up, but also due to the range of markets in which the pooled resources of the fund can simultaneously operate.

David Fuller, research director at Commodity Analysis which acts as brokers and advisors to several offshore funds, including the CAL Commodity and Currency Fund, based in the Isle of Man, says that in addition to increased participation from individuals, such funds are also proving attractive to institutional investors. "There has been a marked increase in the level of interest shown by investment managers, particularly of pension funds," Fuller says. Not only do such funds "limit risk in sometimes difficult markets but represent another avenue to real assets that are presently very depressed relative to other assets, such as property." Minimum outlay for a new investor in the CAL Commodity and Currency Fund is £2,500.

Turning away from commodity trusts, other forms of pooled trading and rapid-fire speculative operations, where should the longer-term buy-and-hold investor be looking at the moment? Soft commodities such as coffee, cocoa and rubber have obvious disadvantages. They are bulky, costly to insure and of course can deteriorate if warehoused for a long period. Strategic metals, such as cobalt and germanium are not traded on futures markets, but in small often illiquid merchant markets with the remaining lion's share of business tied up between producers and consumers.

Base metals, however, seem to afford several advantages for the long-term buy-and-hold investor. Insurance and storage costs are generally low and the existence of the London Metal Exchange, a highly liquid market, provides opportunities for immediate sales of copper, lead, zinc, tin, aluminium and nickel, should the need arise.

One metal currently being given particular attention is copper. Rudolf Wolff believes that the market could soon afford major opportunities for long term investors. In a forthcoming publication, Investing In Copper, the company points to the metal's current historically low price level, the unprecedented recent run-down in *inventories, current and potential African supply problems and other factors which appear to dictate a sharp upward movement in the metal's price in the near future.*

The company recognises that the current recession still has some way to run and director Bruce Leeming is particularly cautious against the continuing deflationary effect of record interest rates which reflect the strong grip of U.S. and UK monetarist policies. Although the most advantageous "buy-in" time has yet to be determined, the company nevertheless believes this is not too far away.

True value difficult to relate to output

PRICING
GROG SMOSARSKI

THE METAL markets can come up with a price for almost any metal at almost any time. But whether that price represents the true value of the metal is another, and altogether more convoluted, question.

It could reasonably be argued that the value of a commodity is related to the production costs. If the price of a tonne, or a pound, of metal was based on what it had cost to mine and refine, there would be less room for the speculation and manipulation that routinely affect international metal (and commodity) markets.

But such an approach is fraught with complications. For example, figures published by the International Tin Council covering the second half of 1978 showed that the cost of mining one picul of tin (the picul, equivalent to 64.37 kilos, was then the standard unit of weight being used by the council) could vary by a factor of three. In those days a picul mined from the Indonesian gravel pits cost about 1,561 Malaysian dollars to obtain, whereas Malaysian open cast tin could be had for 541 Malaysian dollars per picul.

The league table of costs will have changed substantially since those days—not least because of the variations in foreign exchange rates, which have juggled the relative values of the Indonesian rupiah, the Malaysian ringgit, the Thai baht, the Australian dollar, the Bolivian peso—but the principle, and the disparities, remain the same.

The issue is further confused by government taxes, which were excluded from the above calculation. The weighted (by production) average of the above figures worked out at 1,033 ringgit per picul, before government taxes. Adding in the taxes brought the average cost up to 1,443 ringgit per picul—so the royalties were not insubstantial.

There is also the question of whether taxes should be included in production costs. Mining analysts are inclined to the view that figures without tax are more meaningful. But the mining companies involved—conscious of the fact that taxes absorb much of the apparently enormous profits that the lowest cost producers make—prefer to include them.

For the record, the second half of 1978 saw an average free market price of 1,547 ringgit per picul, which left only Bolivian underground lode mined tin, with an after tax calculated cost of 1,859 ringgit per picul (as opposed to 1,428 ringgit before), not showing a profit. During that time, the floor price under the International Tin Agreement was *1,350 ringgit per picul.*

If that presents a relatively complicated picture, it can only be said that the process of working out tin production costs is relatively simple because tin is relatively free from valuable by products.

Other metals, such as copper, are frequently found in the same ores as small quantities of precious metals, like gold or silver.

Allowing for the sales of these precious by-products — very occasionally at prices which completely override production costs—can significantly alter the costs of producing the main metal.

For example, one calculation showed that during 1979 the cash costs—a relatively low measure of cost which ignores depreciation, taxes based on profits, capital amortisation, although it does not include interest costs —amounted to something like 25 cents per lb, or less, for about 22 per cent of the world's copper production; to between 25 and 50 cents for the next 28 or 29 per cent to between 50 and 75 cents for the next 34 per cent, up to 100 cents for another 13 per cent; and to 125 cents or less for the remaining couple of per cent—provided the contribution made by by-products was used to reduce the costs.

If the by-products are left out of the calculation, the weighted average cost of production in 1979 worked out at something like $1 per lb, or just slightly over.

For underground mines that year only 35 per cent of world output cost 60 cents per lb or less to produce; only 50 per cent of output came out at less than 75 cents per lb; and only

CONTINUED ON NEXT PAGE

Investors urged to take a long-term view

SPECULATORS appear to have sharper wits than strategists. That is why the concept of investment in strategic metals has become a popular sales pitch for investment funds long before real shortages have appeared of any of the metals concerned.

It would be wrong to ascribe the upsurge of interest in those metals — variously known as strategic, defence, and high technology — to an overwhelming patriotism alone.

The movement appears to have started in earnest in the U.S. sun-belt about three years ago. Well-heeled investors, often retired people, were looking for new enterprises which would capture their imagination and provide higher real returns than more mundane forms of investment.

The idea of strategic metals, once professionally promoted, was an immediate winner among small investors. It appealed both to the patriotism and avarice of people who saw their money providing something towards the protection of the U.S. and at the same time, being used in such a way as to promise spectacular financial returns in times of international unrest.

Since then the number of funds offering investment in strategic metals has multiplied wonderfully. Unfortunately, however, the value of strategic metals has not proved a sufficiently high flyer to prove the point of the funds. Any investor who goes into them is still looking for jam tomorrow. There is little enough to spread today during the present period of depressed metals prices.

Investors have cooled-off somewhat on strategic metals during the current economic recession. It has been patently demonstrated that money in the bank at high interest rates provides a better return than metal in store which provides no interest and no discernible rise in capital value.

But the investor point-of-view is only one approach to the subject of strategic metals.

A more solid assessment has just been made by the Materials Forum, a body set up two years ago in Britain by the Institution of Mechanical Engineers, the Metals Society, the Institution of Mining and Metallurgy, the Institution of Metallurgists, the Plastics and Rubber Institute, and the Institute of Ceramics.

The six bodies argue that similar prominence should be given to the strategic materials question as has in recent years been given to energy matters. They have a good point. Perhaps the biggest non-story of the last decade has been the forecast crippling shortage of energy. Instead the outcome has been the biggest over-supply of oil the world can remember.

At present there are plentiful supplies available of all metals to all customers. But it is not possible to be sanguine that the future will be equally kind. Unlike oil, gas and coal, the strategic metals occur in a most unequal — some would say unfair — fashion around the world. By a malevolent quirk of nature and politics in combination, far too many of the really scarce but essential high technology strategic materials are almost wholly concentrated in two of the most difficult political arenas of the world — South Africa and Russia.

The British Materials Forum looks in detail in a new report, called Strategic Metals and the UK (published by the Institution of Mechanical Engineers at £8) at a group of eight metals — chromium, cobalt, tungsten, manganese, vanadium, molybdenum, niobium, and platinum. The forum says that originally the term strategic metals only had significance in a military or defence sense.

The forum claims to use the term in a newer way, namely: to cover metals which are vital to the nation and its economy, for which substitution can present serious problems, but supplies are considered vulnerable to interruption.

Later the forum intends to study a further group of second priority metals. It regards the eight listed above as of first priority to Britain in security terms. The importance of the eight metals to British industry is assessed as "impossible to over-estimate." They are of importance to the automotive, electrical, aerospace, and general engineering industries together with many other industrial activities.

The vulnerability aspect, the forum reports, stems from the fact that in almost every case of the eight metals Britain is virtually wholly dependent upon imports. Only tungsten, of the metals listed, could possibly be mined in Britain. The others dictate a growing dependence upon supplies from South Africa, Zimbabwe, Zambia, and Zaire as well as from Russia.

Dr Ewan Anderson, of the department of geography at Durham University, made a new assessment of strategic metals at the first annual world balance of power conference held in England in August.

STRATEGIC METALS

ROY HODSON

Arguing the case for the need to safeguard the supply of strategic minerals to the West he listed five strategic minerals currently most at risk: chromium, the platinum group, cobalt, manganese, and tungsten. The first three, he said, were by far the most vulnerable.

The materials forum reports on the three high-risk metals as follows:

Chromium: 97 per cent of the known reserves of chromium are in South Africa and Zimbabwe. Even the Communist world will soon need to draw upon supplies of chrome from Southern Africa unless they make big new finds at home.

Platinum group: Nine-tenths of supplies come from South Africa and Russia. The Western world will continue to depend upon those two sources. Recycling is a partial solution but is unlikely to help matters a great deal if supplies were to be cut off.

Cobalt: Nearly three-quarters of reserves are in the Third World and about one-fifth in Communist countries. It is likely that more will have to be imported into Britain from Communist countries in the future. Supplies should be regarded as very vulnerable.

James E. Sinclair who runs a group specialising in investment services has no doubts about the key role that strategic metals will hold in future investment patterns.

He says: "While it is possible to make synthetic fuels, science knows no adequate substitutes for chromium, manganese, cobalt, and titanium. Without the key strategics we cannot build a car, a computer, a jet plane, or a military missile."

He is urging that the market in strategic metals and minerals should not be a major part of an individual's portfolio but for those who can afford a proportion of investment in such materials the reward will outweigh the risk. He advises that the market must be approached from a longer-term view with a holding period of not less than two years and preferably more than four years.

An important point not always appreciated by the investor is that the strategic materials market is hedging against future crises and is not in any way a substitute for the market in precious metals.

In London the commodity brokers Hargreaves and Williamson, who specialise in defence and strategic metals, are planning to launch a new fund later this year which will concentrate upon strategic, defence, and high technology metals.

The fund, in which Gill and Duffus, the commodity merchants and brokers, will have a master management stake, will be designed to offer individuals and investment funds a spread of investment opportunities in the metals, many of which are not traded on the London Metal Exchange. Its aim will be to anticipate supply disruptions, political instability, growth areas in defence spending, and in high technology developments.

There is no doubt that the high technology materials market is fast developing. Already it is sufficiently well advanced for there to exist a consensus of opinion on prices for the defence metals between London and New York. Dusseldorf and Brussels are also emerging as important trading centres.

At present most of the metals are being traded at below production costs. That is an unstable situation that cannot be expected to persist.

Merits of free market

CONTINUED FROM PREVIOUS PAGE

75 per cent of world supplies were obtained for 85 cents per lb or less.

Broadly the same pattern of production costs applies to any of the other base metals, although analysts comment that some of them have longer "tails" reaching into the higher cost levels. This means that the last few per cent of production can be even more expensive than in the quoted examples.

In such circumstances the free market system of accepting that the right price is whatever someone will pay does have the considerable merit of simplicity. It does also have the very real advantage of encouraging (and making possible) high cost production in times of shortage, while discouraging it in times of plenty.

One of the more promising alternatives—the producer price system—has found that it could not resist pressures of this type.

Falling consumption in the U.S.—down from some 570,000 tonnes during the first quarter of 1980 to 486,400 tonnes in the same quarter this year, followed by a less substantial improvement from 485,900 tonnes to 490,300 tonnes in the second quarter, according to Gill and Duffus estimates—has caused U.S. producers to follow free market prices fairly closely, even if those prices are influenced by speculators.

They admit that this amounts to opportunism. But the low sales and the continuing prospect for low sales at the moment, have meant that every bit of revenue has become precious.

In more normal times, producers can be expected to soft pedal some of the steepest rises, reasoning that the good will of a regular customer in the long run is more valuable than a few pounds in the bank today.

There is every possibility that a measure of this gentility will return once economic conditions improve. But for the time being there can not be any doubt that the allegedly less erratic producer price system breaks down under pressure.

Much the same can be said of those other, more formal, attempts to control the undoubted excesses of the free markets—the international commodity agreements.

Although such agreements have eminently reasonable principles—with agreed floor and ceiling prices, offering something for both producers and consumers in return for a contribution towards financing the measures to defend the limits—no agreement has yet stopped the price of a commodity soaring during a shortage. The most successful of international commodity agreements—the one covering tin (which is now in its 25th year and fifth incarnation) was unable to stop the price of tin within the specified range after January 1977, once the buffer stock had run out of metal.

Subsequent U.S. calculations have suggested that between 60,000 and 70,000 tonnes of tin would have to be stockpiled if the agreement was to have much chance of controlling the price. But these calculations (and some associated politics) have been the subject of much disagreement and have contributed to the U.S. decision not to join the sixth International Tin Agreement, due to replace the fifth after June 1982.

At the same time, Bolivia is also unlikely to join the sixth agreement, because it believes that the prices to be defended are too low.

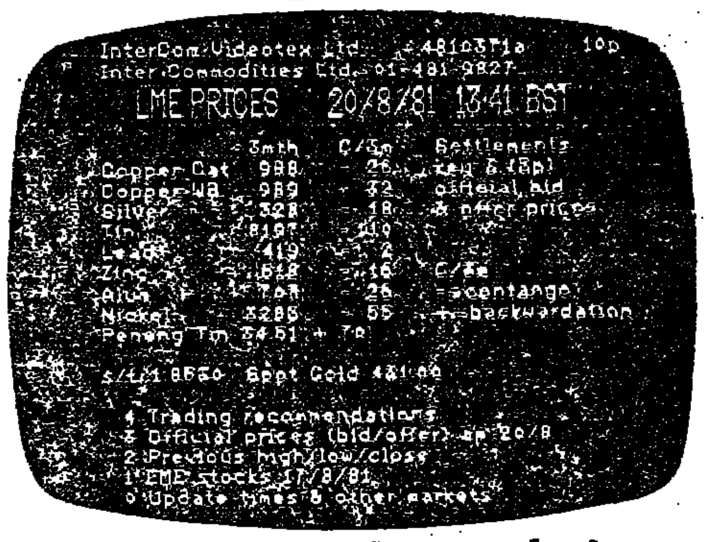
Similar disagreements, at an earlier stage in the negotiating process, caused the proposed International Copper Agreement not to proceed beyond the preliminary stages.

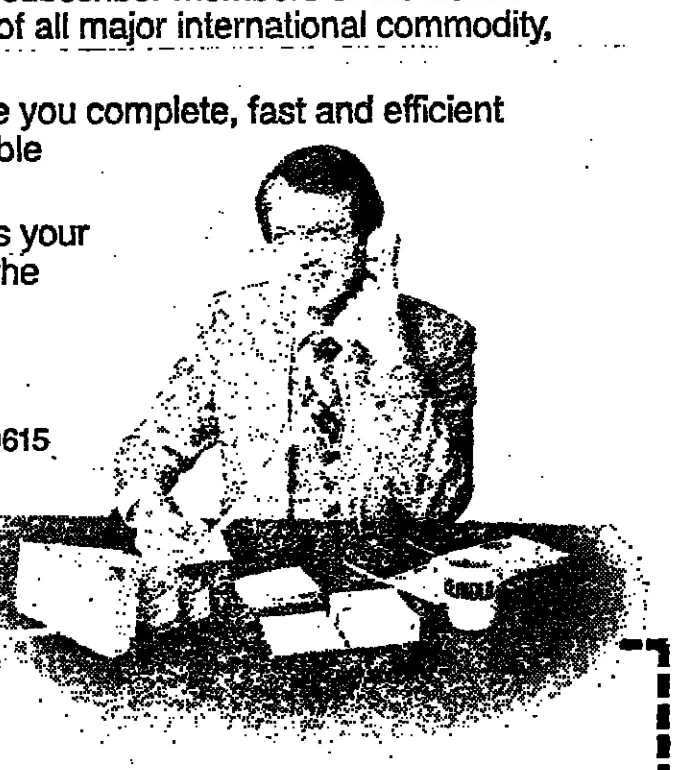
But in the latest development a mystery buyer has emerged in the tin market and has bought anything up to 10,000 tonnes of metal in the past few months. It is thought—but not confirmed—that this buyer is acting on behalf of the tin producing countries in an effort to support prices before the latest International Tin Council meeting in Kuala Lumpur this month—so that the ITC buffer stock operating ranges can be revised.

It has been suggested by London trader Hargreaves and Williamson that this situation could develop into a full scale trade war between the producers and the U.S. with its surpus of strategic stockpile tin if common sense does not prevail.

So much for pricing by international negotiation.

It would appear, therefore, that the free market is the least bad of the alternatives. At least once genuine consumption picks up after the recession, the market will be put to rights, and prices will be fair—for a while.





Bright prospects for new market

THE PROPOSED London gold futures market has not enjoyed an auspicious start. Originally announced to start trading on September 7 this year, the launch date was abruptly scrapped in July when it was decided to search for new premises and broaden the planned membership.

The insistence of the organisers that the contract should be quoted in sterling, instead of the dollar trading normally used for gold, remains a contentious point with many of the proposed members and users of the market. Constant infighting between the London Metal Exchange and the bullion brokers, who are jointly sponsoring the new market, is blamed as the prime cause behind the delays and the general atmosphere of disillusionment.

However, things are looking up. The search for new premises has been quickly resolved with an agreement to take over in Plantation House premises originally designed for the planned Arabica coffee futures market that failed to attract sufficient support. This means the gold market will be in the same building as the London Metal Exchange, but will be able to trade all day and have an expanded membership.

The original idea of trading gold on the London Metal Exchange "ring" sandwiched between trading for other metals was found to be impractical—hence the late decision to scrap the original starting date and move elsewhere. Another reason for the move to different premises was the need to expand membership over and above the existing members of the London gold bullion market and the Metal Exchange.

It was considered that for two "closed shops" to create a third organisation of restricted membership would be asking for trouble not only from the Office of Fair Trading in London but also from the EEC Commission in Brussels. Instead the floor membership is being expanded to incorporate all 31 members of the bullion market and Metal Exchange as well as an additional number of seats for other companies that may wish to join and meet the requirements for membership.

The criteria to be laid down would be that the potential member has sufficient tangible assets, be properly incorporated companies or partnerships and conduct an active business either in trading gold bullion or act as brokers on behalf of clients trading in bullion or gold futures.

It follows that floor members must be prepared to join the clearing house if not already members, since all transactions will go through the clearing house system. No organisation can hold more than one floor membership and an important requirement is that floor members must guarantee to maintain an active presence on the market at all times when the Exchange is open for trading. This should ensure there are no name only floor members since the cost of maintaining operational staff on the Exchange is quite considerable.

GOLD FUTURES

JOHN EDWARDS

Seats on the Exchange have been offered to floor members at an initial rate of £55,000 each, plus VAT, but for a period of three years after the date of the first issue, seats will not be transferable and can only be sold back to the Exchange at a mutually agreed price.

After the first three-year moratorium period, seats can be sold providing the buyer meets the Exchange's criteria. Non-floor memberships are expected to cost £10,000 but will not be transferable. Initial response, in spite of the doubts about the market, has apparently been very good.

All members of the Metal Exchange and bullion markets are believed to have indicated they will take up the offer and applications for the remaining memberships have been oversubscribed. Whether these indications of interest will finally be translated into hard cash remains to be seen; it was thought for example that one or two of the LME members might not want to take up the offer. But there will undoubtedly be plenty of non-members, specially the commission houses who trade extensively in gold, wishing to participate in the new market.

An additional incentive is that floor membership of the gold futures market may well be seen as the first step towards obtaining "ring dealing" privileges on the Metal Exchange itself, where membership is currently down to 29 out of 36 available seats as a result of mergers between member companies.

Although the gold futures market is being run by a totally different company, jointly formed by the Metal Exchange and bullion brokers, it seems possible that the introduction of clearing house facilities and a wider membership could well influence the future development of the LME as well. It was considered that the sums involved in gold futures trading were likely to be so large that the risk had to be borne by a central clearing house, already used by the non-metal commodity futures markets in London instead of relying on the principals contract still favoured—by an increasingly small majority—on the Metal Exchange.

Another source of delay in launching the gold futures market were the lengthy transactions involved in enlarging the capital base, and financial support, of the International Commodities Clearing House, to meet the requirements of the new futures markets in heating oil, gold and later on, financial futures.

This was complicated by the takeover of ICCH by the Trustee Savings Bank when acquiring United Dominions Trust, but agreement has now been reached in principle that a consortium of the five UK clearing banks will takeover ICCH and provide the increased financial support required. This should, therefore, enable the gold futures market to go ahead, although there are still one or two problems to be sorted out.

Chastened by the previous experience of naming a starting date prematurely, the London Gold Futures Market, made up of six directors drawn from bullion brokers and the LME, is cautious about naming a specific launch date.

The latest suggestion is that it will require some weeks to alter the premises in Plantation House which will become available on January 1 next year, so the market will probably start trading in February or March. Details of the contract have also yet to be finalised.

There seems general agreement that there will be two trading sessions each business day from 9.30 to 12.30 in the morning and from 14.00 to 17.00 in the afternoon, with no kerb session. Trading will be open outcry and cover the current (spot) months and the following six months ahead.

The contract lot will be for gold of a minimum 995 fineness, deliverable either as one bar weighing 100 troy ounces or as three bars of one kilogramme each. Deliveries are to be to vaults in London of approved brands, but it is yet to be decided whether trading should be in the kind of warrants used by the Metal Exchange specifying particular warehouse stocks or whether simply a certificate of ownership of a specified quantity.

Prices are to be denominated in £ sterling with minimum fluctuations of 5p an ounce. It is planned, however, to have a maximum fluctuation (permissible limit up or down in price) to be set from time to time, which will bring about a temporary suspension of trading. This is the system used by the cocoa futures market in London, providing a pause in trading to allow the situation to cool down and traders to contain their clients.

It is a compromise between the strict daily trading limits imposed on the big New York and Chicago gold futures markets, where traders can be trapped in during periods of violent fluctuations, and the London Metal Exchange which has no limits.

The biggest controversy, however, centres on the insistence that prices should be quoted in sterling, not dollars. Critics claim this is a deliberate move by the bullion brokers to undermine the futures market and preserve the importance of their daily fixings in London that are quoted in dollars.

It is felt support for the market will be considerably diminished, especially from overseas, by users having to switch from dollar prices to sterling just to trade in London futures. This immediately involves an additional speculation on the dollar/sterling exchange rate which traders in gold may not wish to take.

However, the directors of the planned market claim that past experience has shown that gold futures contracts are only successful when the local currency of the host country is used and that in any event there is a risk of exchange controls being re-imposed in Britain, which would make a dollar contract extremely difficult to operate in London.

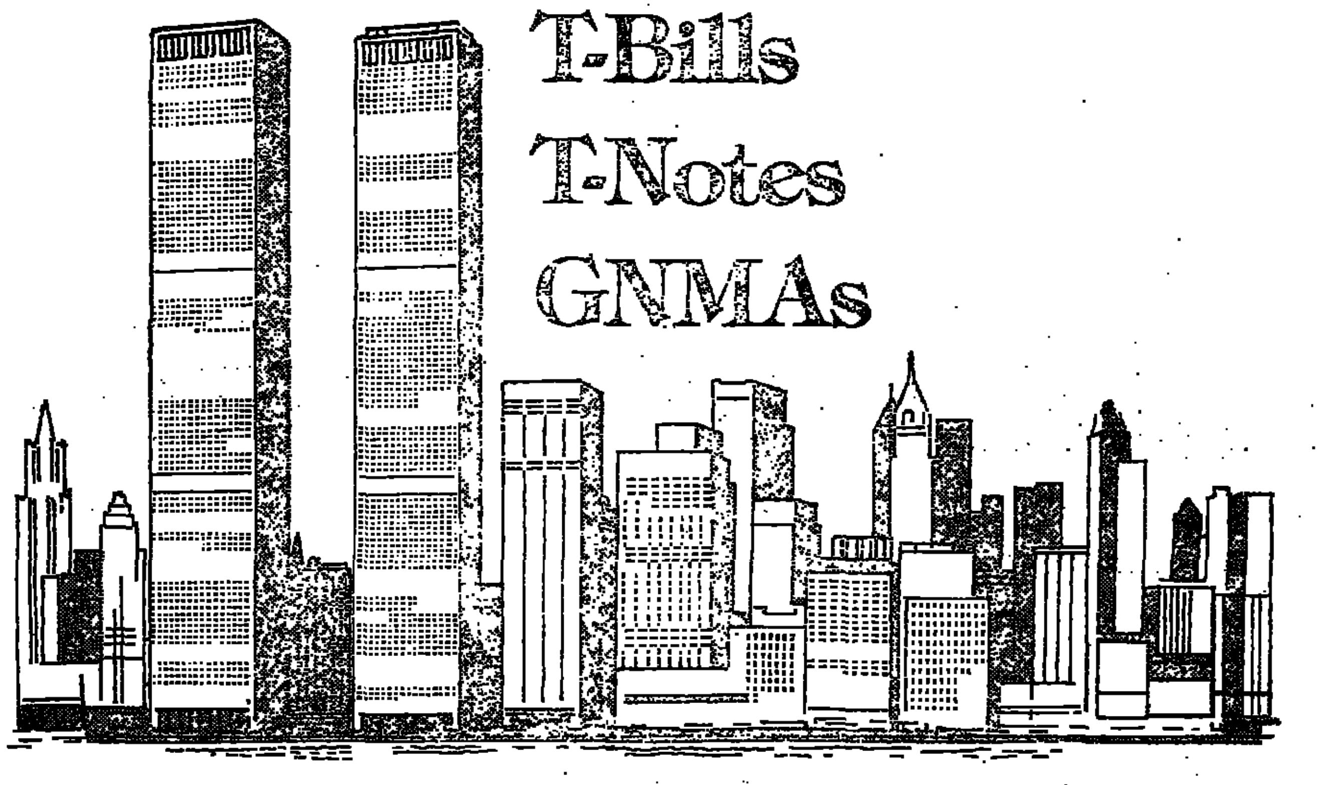
It is pointed out that London futures markets for other metals and commodities are well established in sterling, even though world prices are based on dollars, and traders are provided with a useful extra business in arbitraging between the two currencies. Additional business, it is argued, may well be attracted from investors wishing to hedge against dollar/sterling fluctuations without having to go into the foreign exchange markets.

Although the majority appear to favour a dollar contract, it seems likely that the sterling supporters will prevail for the moment at least, especially in view of recent rumours about the possible reimposition of exchange control.

The measure of support obtained, in spite of the high costs involved, the delays in starting and the insistence of a sterling contract, suggests that it has a strong chance of success. The London market will complete the 24-hour trading cycle in gold futures, and will have the attraction of being in the European time zone and not be surrounded by the rules and regulations that can make trading on the U.S. markets particularly difficult.

Indeed a great deal of support is expected to come from the U.S.—especially if the commission houses become floor members—as well as from the European and Arab investors in the European time zone.

The market operations room at Rudolf Wolff and Co., one of the 29 LME members with "ring" dealing privileges. Prices are received direct from the exchange by Reuters VideoScan and business is conducted via batteries of telephones and teleprinters with open lines to New York and European centres



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TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.05 For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London). London and SE only: Financial Report and News Headlines. 1.00 Pebble Mill at One. 1.45 Over the Moon. 2.00 You and Me. 2.14-3.00 For Schools, Colleges. 3.35 [illegible]. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 Play Away. 5.05 John Craven's Newsround. 5.10 Screen Test.
5.40 News.
6.00 Nationwide (London and South East only).
6.25 Nationwide.
6.50 Angels.
7.15 Wildlife on One.
7.40 The Rockford Files.
8.30 Only Fools and Horses.
9.00 News.
9.25 "The Cherry Orchard" by Anton Chekhov, starring Judi Dench.
11.37 News Headlines.
11.40 Phil Silvers as Sergeant Bilko.

BBC 1 VARIATIONS: [illegible]

Chris Dunkley: Tonight's Choice

A night without one clearly outstanding programme, but packed with promising material, most of it clashing. Time to hire a video recorder. For instance fans of the great M.A.S.H. who want to see the BBC2 documentary about its nine-year run will have to miss half of the last episode of ITV's Flame Trees of Thika which is so pretty and offers a lifetime best performance from Hayley Mills.

Further, at 9.25 BBC1 shows Trevor Griffiths' much-praised version of Chekhov's The Cherry Orchard (first seen at the Nottingham Playhouse) with Judi Dench as Madame Ranevsky and anyone watching that will miss ITV's excellently researched Rich World Poor World which, at last, goes beyond the use of starving babies to wring our withers and into proper social and economic analysis.

However, my personal passionate curiosity will ensure that I watch ITV at 9.30 for Where There's Life Special which is bringing together twins John and Reggie, separated all their lives and meeting in the studio for the first time in 50 years. The confrontation, however tasteless and contrived, should supply another fragment in the nature/nurture argument about human development: is it genes or environments which really make us? How alike will the twins be? The argument has become deeply political with lefties infuriated at the idea of programming in the womb and righties deriding the notion of surroundings affecting intelligence or ability.

BBC 2

6.40-7.55 am Open University.
9.30 Conservative Party Conference.
11.00 Play School.
11.25-12.30 and 2.30-4.50 pm Conservative Party Conference.
4.50 Open University.
6.55 The World Chess Championships.
7.20 News Summary.
7.25 Six More English Towns.
8.05 Making M*A*S*H.
9.00 Burt Lancaster in "The Midnight Man."
10.53-11.55 Newsnight.

LONDON

9.35 am Schools Programmes. 12.00 Rod, Jane and Freddy. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Armchair Thriller. 2.00 After Noon Plus with Mavis Nicholson. 2.45 Conservative Party Conference. 4.15 Roadrunner. 4.20 Get It Together. 4.45 Vice Versa. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.25 Help! with Vic Taylor Gee.
6.35 Crossroads.
7.00 Give Us A Clue with host Michael Aspel and captains Una Stubbs and Lionel Blair.
7.30 This Is Your Life: Eamonn Andrews returns with a special edition of This Is Your Life to herald a new series of big surprises.
8.00 The Morecambe and Wise Show: Guests this week are Joanna Lumley, Richard Vernon and Frank Coda.
8.30 The Flame Trees of Thika: Hayley Mills, David Robb and Holly Aird in "The Drums of War."
9.30 Where There's Life Special.
10.00 News.
10.30 Rich World, Poor World.
11.30 Talking Bikes.
12.00 Going Out.
12.25 pm Close: Sit Up and Listen with Brian Rix.
† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Gardening Today. 1.20 Anglia News. 5.00 About Anglia. 7.00 Regional Freestyle Dancin' Championships. 11.30 Wheels. 12.00 Angle Late News. 12.05 am The Jazz Series: Buddy de Franco joins The Ronnie Scott Quartet. 12.35 Your Music at Night.

ATV

12.30 pm Gardening Today. 1.20 ATV News. 5.15 Give Us A Clue hosted by Michael Aspel. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 11.30 Wheels. 12.00 ATV News. 12.05 am Something Different.

BORDER

12.30 pm Border News. 5.15 Bless Me, Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News. What's On Where and Weather. 6.00 Channel Report. 10.28 Channel Late News. 11.30 Wheels. 12.00 Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.30 am First Thing. 12.30 pm Gardening Today. 1.20 North News. 6.00 North Tonight. 11.30 Wheels. 12.00 In Concert. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This Is Your Right. 7.00 Emmerdale Farm. 11.30 The Jazz Series with the George Coleman Quartet. 12.00 Wheels.

HTV

12.30 pm Gardening Today. 1.20 HTV News. 5.15 Ask Oscar! 5.20 Crossroads. 6.00 Report West. 6.30 Diff'rent Strokes. 7.00 Emmerdale Farm. 10.29 HTV News. 11.30 Wheels.
HTV Cymru/Wales—As HTV West except: 5.20-5.50 am 4m Gymru. 10.18- 10.30 Y Byd A'i Bethau. 11.30-11.54 About Wales. 12.00-12.10 pm Cwadi Cwoc A'i Ffrindiau. 4.15-4.45 Camigam. 5.15-5.20 Bugs Bunny. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Cylchgrawn. 11.00 Jonathan Dimbleby in Evidence. 11.30-12.00 Benson.

SCOTTISH

12.30 pm Gardening Today. 1.20 News and road and weather. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take The High Road. 11.30 Wheels. 12.00 Late Call. 12.05 am Past Masters.

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 11.30 New Kind of Family.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 5.15 The World Freestyle Dancin' Championship 81. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 11.30 Wheels. 12.00 Across My Desk.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 6.00 Westward Diary. 10.32 Westward Late News. 11.30 Wheels. 12.00 Faith for Life. 12.05 am West Country weather, shipping forecast.

YORKSHIRE

12.30 pm Make Mine Music. 1.20 Calendar News. 5.15 How's Your Father? 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 Wheels.

RADIO

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Andy Peebles. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). [illegible] 4.00 David Hamilton (S). [illegible] News, Sport. [illegible] Moments Musical (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 Les Dawson at the Variety Club. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.). 9.00 News. 9.05 This Week's Composer: Mozart (S). 10.00 Bartok (S). 10.35 Cello Cav solo cello recital (S). 11.00 Northern Sinfonia Wind Ensemble (S). 12.05 pm Scottish Chamber Orchestra concert, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Concert, part 2 (S). 2.05 Bach harpsichord recital (S). 2.25 String Trios (S). 3.15 Edward Elgar (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Shostakovich's '48' (S). 7.40 Words. Words. Words (S). 8.00 Brahms: First Piano Concerto (S). 8.45 Why I'm Afraid (S). 9.30 The Composer Conducts: Oliver Knussen (S). 10.15 The Diary of David Rubinowicz, translated and abridged by Derek Bowman. 11.00 News. 11.05-11.15 Albert de Rippe.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. 8.35 Yesterday in Parliament. 8.45 Wodehouse: "Bring on the Girls." 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Radio Active (S). 12.55 Weather: Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Hatter's Castle (S). 4.00 Places I've Lived, People I've Known. 4.15 The Evensong Disaster. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather: Programme News. 6.00 News, including Financial Report. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 Prisoner of War. 8.35 No Minister. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Jcke by Joke (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.40 Brahms. 12.00 News.

Slow start to a revolution

FILM AND VIDEO

BY JOHN CHITTOCK

PROBABLY 99 per cent of all currently available video programmes are re-issues of old (or not so old) movies, with a few television programmes thrown in.

It is a highly unsatisfactory situation because this thriving new industry must learn to develop video as a medium that really is different from the cinema and television. For example, its material must endure and stand repeated viewing: it must offer experiences which broadcast television, with a passive audience of indeterminate taste, cannot contemplate: it should even recognise that a television screen fed by a video programme creates a more personal experience than one shared with a million other viewers.

At last, a number of programmes made specifically for video are now filtering into release. In anticipation of the cultural revolution, I have spent the past fortnight looking at what is new. If you are into brass bands, pop music, Pam Ayres or Kenny Everett, my general boredom may be unshared—but for my own taste there was more of interest on the broadcast channels: which destroys the point of video because, in an ideal world video should offer more choice, not less, and liberate the viewer from the ideas of programme controllers.

In time, of course, this will happen as the stocks begin to accumulate in the local video shops. For those who want their music a little more up-market, for example, the Brent Walker film group is currently producing a number of Gilbert and Sullivan operas for video. And only last week, for those with even more musical refinement, a performance of Samson and Delilah at the Royal Opera House, Covent Garden, was being videotaped by the BBC—for UK television transmission, but also world-wide video release by Covent Garden Video Productions (a new company which already has a number of other operas in the can).

Back to current availability, I must report no great enthusiasm for the brass bands in VCL's release *The Military Music Pageant*. Recorded at Wembley Stadium during a massive jamboree of marching brass, it yields an excessively distanced view without any sense of exhilaration: it would be much more stirring in hi-fi stereo sound, and if that means sacrificing the pictures (as it does with current video technology) I have no doubt which I would choose.

Pam's Party, another release from VCL, is clearly for children—with Pam Ayres, the rural rhymster, entertaining a group of young ones with a variety of novelties and performances. Perhaps all right for a wet Sunday afternoon when the broadcast offerings are unsuitable, but hardly different from children's TV anyway.

Radio Rentals and other TV shops in the group now offer a magazine programme for videocassette viewers at the same price as a blank tape. The intention here is that the entertainment is ephemeral and can be later wiped. Pioneered by Catalyst Video Publishing, the *Rewind* series is a mixture of mostly frivolous snippets—some culled from existing programmes. Hence Kenny Everett, helpings of pop music, Billy Connolly, and even more way-out performers that remind me that middle age does have its compensations. Some may love this, but the erasable concept is for me its saving grace.

Curiously, the greatest enthusiasm I experienced in this dedicated fortnight was in watching the Daily Mirror's latest release, a 60-minute record of the 1981 World Speedway Championships at Wembley. As a captive viewer (in a roomful of speedway fanatics where conversations really did include "did you have any more trouble with your carburettor?") there was no switching off or recourse to the fast forward button, and I had no choice but to watch the actual races. And, I have to confess, despite its repetitiveness, it was rather good. Because it covered the entire competition, broadcast television would reject it as boring. But 90,000 fans at Wembley didn't, nor the crowded room of speedway press at the Mirror's preview—they roared and broke into applause.

The Daily Mirror, through its MirrorVision label, is already Britain's most prolific "publisher" of specially-made video programmes, with others on flat racing, rose growing, the Queen Mother, soccer, slimming, sex, and the martial arts.

Other specials on the way are intended primarily for the video disc—to exploit its freeze frame, slow and repeat motion and similar facilities. Thus *Feeling Fit*, jointly financed by Collier-Marsland Films and Philips, intended for the inaugural Philips disc catalogue when their LaserVision system is finally launched in the UK.

Feeling Fit features a series of exercises performed with great grace in a studio, plus Susan Hampshire in a "chapter" on jogging, and single frame "pages" of text about diet. The production quality is excellent, but the conception very simple. This is not exactly what one expected in programmes made to use this great interactive medium. The producers have kept the treatment straight, leaving it for the viewer to use the facilities on the player to repeat whatever sequences need closer study. Perhaps this simple style, which is no accident in the programme, is right—but it hardly differs from a conventional TV programme.

Thorn EMI are also beavering away with special video disc programmes, these designed for JVC's VHD system (a rival to Philips). Subjects in production include angling, magic for children (performed by members of the Magic Circle and replayable in slow motion), an educational series on science, and a programme on how to look after your motor car.

Meanwhile, Thorn EMI are releasing two made for the videocassette market — the much-delayed Christmas Carols at King's College, Cambridge (held up by a copyright problem) and *Night Bombers*. The latter is a remarkable one hour film made in 1943-44 by Air Commodore Cozens—rare 16mm colour footage of the preparation and the action involved in an RAF raid on Berlin. Extracts of this footage have been televised but the entire film is a unique collector's item. Wisely it has been largely untouched by Thorn EMI except for a little post production work plus the addition of a rather stolid sound track. It is slow and at times tedious, which is why broadcast TV is unlikely to screen all of it; but for a small percentage of the population, possession of a copy will be a matter of the highest priority—now and perhaps over the next 25 years or more.

That is what video programming should be partly about—permanence and uniqueness. I have yet to see the breakthrough which lifts this medium into a creative class of its own. But clearly the industry is at last working on it.

Illicit hope in the Market Square

RACING

BY DOMINIC WIGAN

IAN BALDING and Jeremy Hindley, whose reliable campaigners Glint Of Gold and Protection Racket carried off major prizes in the £64,000 Preis von Europa and the £23,000 Irish St Leger on Saturday, should be on the mark nearer home today.

Hindley, whose success at the Curragh was, surprisingly, his first in a classic, must be hopeful of Illicit in the first division of the Market Square Maiden at Warwick where Balding saddles Lara's Song in the Ann Hathaway Handicap.

Illicit, who first showed that this afternoon's modest event would be within her compass when leading until near home in the Blue Peter Stakes, can get off the mark by outpacing The Cairnwell.

However, it may not be easy: particularly if further rain affects the going, for The Cairnwell recently showed her appreciation for plenty of cut in the ground when running against Welwyn at Lingfield.

Lara's Song, whose handler is almost assured of picking up the International Racing Bureau's top trainer award in the foreign earnings category, is not as yet proven in the mud.

Nevertheless, the Kingsclere three-year-old, a full sister to Cheka, is hardly one to oppose, following her success over Super Spartan at Redcar last time out. Then she had a great deal more in hand than the runner-up, to whom she was giving 20 lb, than a length margin might suggest.

Neither Hindley nor Balding, whose foreign prize money haul for 1981 is now approaching £200,000, field a runner in the second division of the Market Square Maiden. This is likely to benefit High Poppa.

At Folkestone, Tree Mallow appears to represent the best bet.

He is tackling a real test of stamina for the first time and will revel in the ground.

FOLKESTONE
1.45—Sorrow
2.15—Tree Mallow***
3.45—Bold Saracen

WARWICK
2.00—Illicit
3.30—Lara's Song**
4.55—High Poppa*

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why a U.S. Bank lopped off its branches to encourage growth

David Lascelles on the aftermath of Bankers Trust's strategic switch

BIG corporations, let alone huge international banks, seldom get the chance to swing the wheel of corporate strategy hard over into a new direction. Among the few that had the opportunity—and boldness to do it—is Bankers Trust, the large New York bank which ranks number eight in the U.S. banking league, and controls assets of $33bn.

What BT did was to transform itself from a largely retail bank into a merchant bank by hacking off a cumbersome branch network and building up a battery of new expertise—a commendable enough achievement at the best of times, specially since it seems to be working well. But BT has also become a case study on whether American banks can still control their destiny at a time of tight Government regulation. BT's answer seems to be yes.

Alfred Brittain, the chairman who oversaw the change, pictured it in these terms: "What we've done is leave others to make the Chevrolets. We're going to make the Cadillacs."

The story goes back to the mid-1970s when BT was a typical New York bank with branches, business lending, the usual panoply of banking services, and a modest international presence. But it was not specially distinguished and, like its competitors, was unhappy about the poor return on its 100 or so branches in and around New York City.

Compared with giants like Citibank and Chase, which had 200 or 300 branches, BT had a less developed retail operation, which meant that it did not achieve the economies of scale, but was also better placed to pull out.

Costs and labour turnover were high and the reward in terms of deposits gathered — the raison d'etre of a branch network—not that exciting. New York retail banking is also bound by a tight regulatory web that limits the amount of interest on both loans and deposits, and sharply reduces the scope for banks wanting to get ahead.

One salvation seemed to be in automation: setting up electronic terminals to replace human tellers, and installing big computers to automate fund transfers. By 1977, all the large New York banks had to decide whether to invest huge sums of money to buy this newfangled hardware and stay in the race. All of them did, except BT.

By then Brittain and his top executives had concluded that their bank would do better to get out of retail banking altogether and devote itself to the potentially more lucrative business of wholesale banking—which means catering to big business and institutions, governments and what are euphemistically called "high net worth individuals," or more bluntly, the rich.

Says Brittain: "Looking ahead we reckoned that delivering financial services to the consumer would be a bit like delivering beer. The marketing costs would be enormous, and I don't think many banks will be able to do it profitably."

By contrast, Brittain says, profit and business opportunities in corporate banking are a lot more attractive. Needs are big but the overheads are low because banks deal in few but gigantic bundles of money rather than lots of tiny ones. Complex relationships can also be developed for clients needing a multiplicity of fee-earning services.

The reorganisation set off by the switch lasted more than four years and still has some loose ends to be tied up. The main job was to get rid of the retail operation. More than 80 branches were sold off to several buyers, including competitors like Chemical Bank and Manufacturers Hanover, who were all busy plunging deeper into retail, as well as to newcomers from abroad like National Westminster and Barclays of the UK. Still to go is BT's credit card business, and a couple of small subsidiaries in upstate New York, which will probably be sold next year.

Internally, the new strategy required beefing up expertise and marketing muscle in corporate finance, commercial banking services, financial markets and a host of other areas where BT now hopes to thrive.

New sources of funding also had to be developed to replace the lost branch network which, at their height, held about $1bn in deposits. This involved expanding the money market operation, including installing a huge $2bn Euromarket desk in London.

But though BT's funding costs became higher and more volatile, the problem was not as great as it sounds because BT, like all large New York banks, was already funding itself heavily in the money markets before the switchover. The evolution of the negotiable certificate of deposit, a highly liquid, big denomination money market instrument which banks can sell to raise funds, has enabled some big banks to survive without any retail network at all; Morgan Guaranty is the prime example.

The Morgan Guaranty model looms large on BT's horizon. With one of the most glamorous names in U.S. banking, Morgan has virtually no consumer business at all; it concentrates on servicing the biggest and best companies and institutions in the U.S. and round the world—to good effect. Profitability is among the highest among the U.S.'s largest banks, mainly because there is no costly branch network, and Morgan has the expertise to fund itself profitably in the money market.

The new BT is divided into four groups, or "core businesses":

○ Commercial banking, which provides mainstream banking services;

○ Corporate finance: merchant banking services, private placements, leasing, etc.;

● Money markets and securities: including foreign exchange and commercial paper;

○ Fiduciary services: BT administers about $50bn in assets and is one of the biggest trust banks in the U.S.

BT nurses no illusions that the shift is taking it into a charmed world where profits grow on trees. Rather the opposite. The corporate banking market has evolved into one of the most competitive there is, with banks from the U.S., Europe and Japan all eager for a share of the action. Profit margins on some types of business like Eurolending can be paper thin.

How then is BT to make its mark?

Brittain believes the answer lies in stressing BT's worldwide merchant banking character. "We try to tie our four business areas together all the time. We don't think our competitors can do that. This is a compact bank, and our internal communications are good. We have moved from a third tier to a first tier bank."

Glyn Genin

Alfred Brittain: "We've left others to make the Chevrolets; we're going to make the Cadillacs."

David Beim, executive vice-president in charge of corporate finance, which figures large in the new strategy, lays heavy store by inventiveness and an ability to string together complex deals, often involving simultaneous financing in different markets. Loan growth is planned to rise 4-5 per cent more than the inflation rate.

The aggressive instincts now at work at BT come through best in the row it has triggered over commercial paper. U.S. banks are not allowed to underwrite corporate securities under the Glass-Steagall Act which creates a dividing line between commercial and investment banking.

However BT has started selling commercial paper on behalf of its clients. Commercial paper is a short term IOU sold by large corporations to raise cash, and the issue is whether or not it ranks as a corporate security. The investment banking community took BT to court and won a ruling that it is a corporate security. But the judge did not bar BT from selling it. At the moment there is an uneasy lull in the legal war.

The row is important because it will determine whether *banks can enter an area that* poses a strong threat to the commercial lending business. In this sense BT is fighting a battle on behalf of the whole U.S. banking industry. But given that BT's future now lies largely in investment banking, its own fortunes depend heavily on the outcome.

BT's competitors are watching its new strategy like hawks. Corporate finance officers at other banks generally speak approvingly of the new strategy, saying it has made BT a competitor to be reckoned with, even if it lacks the reach of a giant like Citibank. They also say that BT management has the advantage of being able to focus all its time and effort on a single area of banking while competing managements have to balance wholesale banking with all the other areas in which they are involved.

But greatest interest still centres on the question of whether BT made the right decision. And the jury on that still seems to be out.

In terms of sheer numbers, it has been a stunning success. Most measures of BT's performance (earnings, rate of return, capital generation, etc) have soared since 1977, and on many counts BT is now above average for "money centre" banks (the big banks of New York, Chicago and California). Its share price has doubled in the last three years, although this surge is unlikely to last. Much of the gain came from *sale proceeds of the branch net*work which must now be profitably redeployed. BT also admits that competitive pressures and the lack of cheap retail deposits will squeeze margins. But there are unlikely to be serious setbacks.

Citicorp, parent of Citibank, New York's largest bank, provides a good argument for saying the switch was right. Just as BT was pulling out of retail banking, Citibank was committing hundreds of millions of dollars to upgrading its branch network. But although Citibank just manages to keep its head above water, Citicorp as a whole lost $135m on its consumer business last year because of problems in its credit card and mortgage portfolio. This prompted Walter Wriston, the chairman of Citicorp, to say in some frustration earlier this year that he had considered selling Citibank and getting out of the retail business altogether.

But other retail banks have not fared as badly. Manufacturers Hanover increased retail deposits by 20 per cent last year, and claims to be doing well. Others, like Chemical and Chase Manhattan are making a profit, albeit not a *massive* one.

Those who criticise the BT move are more likely to dwell on the intensity of competition in the corporate banking world where BT is now trying to make its way. Growth prospects for banks serving the Fortune 1000 are very limited, they say, and BT might have done better to go after a less ambitious market.

The final answer may not come for years, particularly if long-awaited reforms to U.S. banking law come about and throw the market wide open. An end to restrictions on inter-state branch banking would obviously benefit BT little in its new form, but would strengthen competitors who stuck to retail banking. On the other hand, BT would be well-placed to take advantage of any relaxation in the Glass-Steagall Act which would permit it to penetrate more deeply into the preserve of investment banks.

A new approach to rewarding managers

THE SYSTEM by which many top managers are paid is wrong. What is required is a differentiated system of rewards which is not linked rigidly to a common system of job evaluation favoured by many large companies, especially in the UK.

The current material reward system is generally based on a measured improvement in performance—usually defined as a increase in the return on net assets managed (RONA). This, however, is usually "inconsistent with declared corporate strategies," according to an article in "General Management," the journal of The Management College at Henley-on-Thames, Oxfordshire.

The article is written by two management orientated academics who base their views on the thesis that in large, diversified companies with several business areas, each business unit is likely to be at a different stage of strategic development and each requires a different kind of manager to be successful. They believe that there should be different criteria for judging and rewarding performance based on the specific objectives and characteristics of each business.

They maintain that the prime criterion applying to a manager running a "Wild Cat" operation (a high growth business with low current market share) should be the achievement of a greater market share, whereas the criterion for evaluating the manager of a "Cash Cow" business (high market share, low growth) should be the maintenance of market share while generating substantial sums of cash.

"It is therefore pertinent to ask why, in the majority of UK diversified companies, the same criterion for measuring management performance is applied despite the disparity in size and growth rates of the subsidiary business units."

David Norburn, a senior lecturer in business policy, and Paul Miller, a doctoral fellow at the London Business School, say that a fundamental assumption is that growth is the basic measurement of performance—"yet it is an indisputable fact that in a portfolio approach to strategic management, profit should fall in some of the business units."

They propose a contingency approach in which the reward system is based not upon the traditional index of performance, "but on the characteristics of the strategic manager whose job it is to achieve that performance."

Norburn and Miller say that every company has a more or less formalised set of criteria which it uses to select the characteristics of strategic managers.

"In an appropriately managed business, those characteristics should match strategic objectives set for a business to be managed. We go one step further and suggest that the reward system should reinforce those characteristics for which the manager has been chosen."

The authors illustrate their thesis with three examples—a growth company, a subsidiary where earnings are the prime objective and another in decline where cash flow is the main consideration.

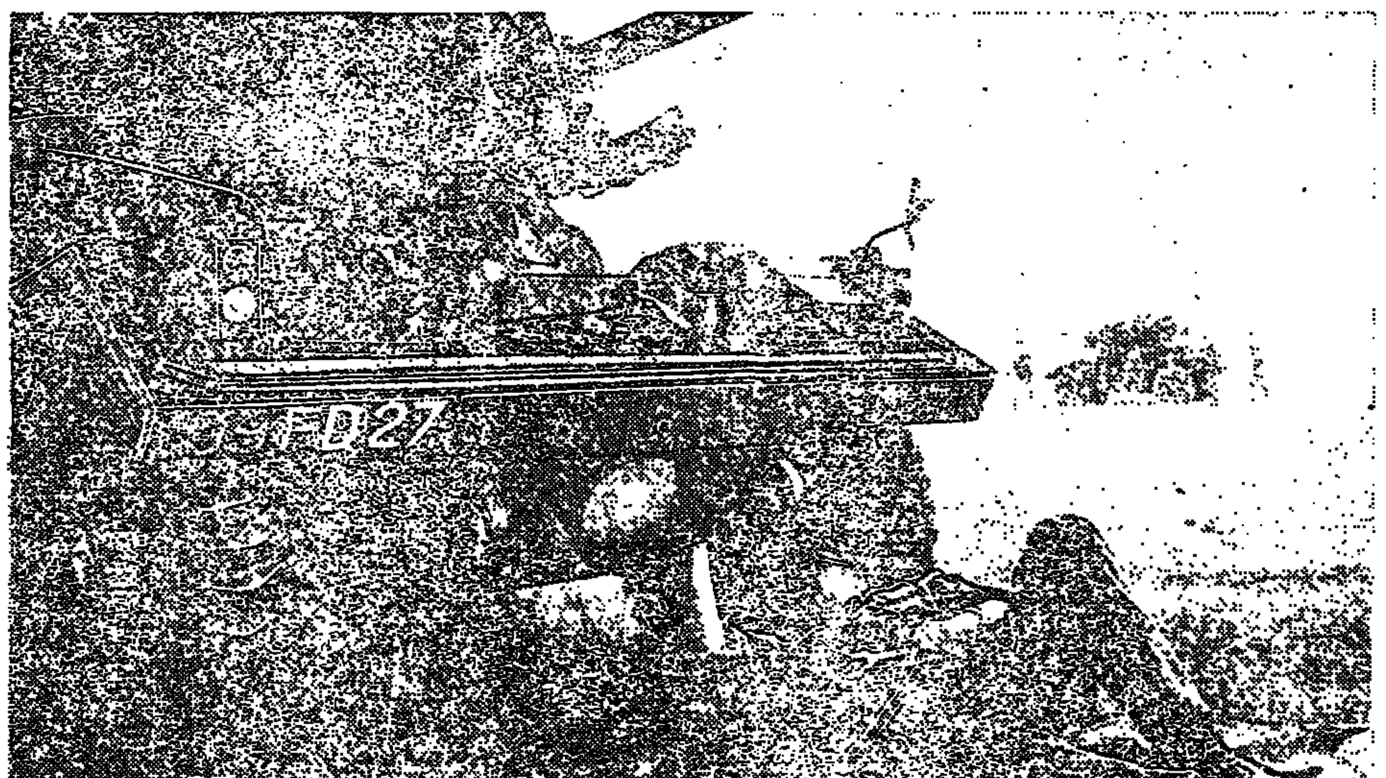
Status quo

In the latter case, for example, Norburn and Miller say the characteristics of the ideal manager are that he should be seasoned and experienced; he should place a high premium on efficiency and have a high regard for the status quo and not make changes for change's sake.

"We would not expect this executive to be committed to a declining business, nor would we expect him to be in the post for anything other than the short-term. Thus there should be a high basic salary with few incremental steps. There could not of course be any incentive element in a declining business."

However, an alternative "focus of allegiance" for this manager could be created through the corporate base by the use of stock option schemes. This, they say, "signals that a declining business is one part of a much larger whole and, furthermore, is an integral part of the company's portfolio of business."

Arnold Kransdorff



THE ARTS

Covent Garden

Castor et Pollux

Once again, in the form of "delayed coda" to the main exposition of its musical events, the English Bach Festival returned to Rameau, and to the Royal Opera House—this year for a single performance of *Castor et Pollux*, his third extant *tragédie lyrique*. It proved quite the most persuasive Rameau Miss Lalandi's intrepid festival has yet given us: the persistent exploration of a thoroughly researched Baroque style of execution, of the music and the dance, is bearing fruit. *Castor* remains, probably, the most familiar of the Rameau operas—it was the most successful in the composer's day, the first to be revived this century (when it excited Debussy's Monsieur Croche's vivid enthusiasm), given here in concert not so long ago and recently available on record. It may not contain his most striking musico-dramatic innovations, but there is a strong argument for considering it the best-balanced of his great series of theatre creations, and the most beautiful. Certainly the force of that argument was felt at Covent Garden on Sunday evening.

The great numbers — above all the heroine's "Tristes apprêts," which Debussy called "the sweetest, most touching lament that ever sprang from a loving heart"—have long been celebrated. What was tested by the EBF staging, and proved beyond question, was the expert dramatic proportioning of the whole. The version given on this occasion was not the original of 1737 (which we know particularly from the Harnoncourt recording), but the much-condensed revision of 17 years later, notably sparing of recitative.

In his *New Grove* entry, Girdlestone is hard on the revision; in the EBF programme note, Graham Sadler eloquently defends it. After the performance, and no doubt because of its vitality, the verdict seemed to go Sadler's way. Each act was *experienced as a complete span*, and the whole work as a music drama of superb and endlessly varied colour and vitality, lit by extraordinary blends and refinements of instrumental sonority, weighted with wonderful contrasts of tragedy and celebration, pathos and charm, energy and relaxation. Could there have remained in the theatre, at the close and final climax of the opera, any hardy doubter of Rameau's greatness—a close and final climax that evokes an heavenly peace quite as ethereal and iridescent as that in which Wagner's *Lohengrin* begins?

The production team was a trusted one—Tom Hawkes as producer (also doubling, in the final tableau, as Roi Soleil, a witty touch), Terence Emery in charge of design (most of the costumes direct copies of Boquet), Belinda Quirey to choreograph in the *danse noble* style. Even the basic set, from the Royal Opera *Ballo in maschera*, was familiar from *previous* EBF *Rameau undertakings*. But there were *significant* new elements in the staging, in the form of added scenic devices (Jupiter in a cloud machine, changes of backdrop)—a welcome, if still incompletely splendid response to the authentic kind of spectacle.

More important, the dances had a new communicative energy, and their integration into the drama was smooth and unembarrassed. There is yet some way to go before the ideal revival of Ramelian practice can be proclaimed conquered: wigs, for example, need to be more confidently worn, gestures more bravely struck and, in unhappy truth, Rameau needs a theatre more intimate and accommodating than Covent Garden.

Of the cast, the most practised Rameau performer was the Pollux, Ian Caddy; but the singer who scored the most *complete success was Jennifer Smith* as Telaira, forwardly projected, subtle in dramatic and musicianly shading, full of quiet distinction. In the cruel high tenor writing for Castor, Peter Jeffes was sympathetic—very much so in the reconciliation scenes of Acts 4 and 5—but *somewhat too soft-grained of style*. As Telaira's scheming sister Phoebe, Karen Shelby allowed force to approach the point of roughness, and her words were seldom clear—generally, however, the French language was not unkindly treated, even if few could match the *idiomatic delivery* of either Miss Smith or Henry Herford in the High Priest's brief phrases.

MAX LOPPERT

Oxford Playhouse

Home and Beauty

Somerset Maugham's joke about the society woman who finds herself at the end of world war one with two husbands both very much alive and kicking seems set to become his most durable comedy. It has notched up more revivals even than *The Circle* and as this production at the Oxford Playhouse directed by Nicholas Barter shows still has a considerable amount of fun left in it. One must now add the name of Eliza McClelland who plays Victoria to other memorable post-war interpreters of Maugham's bigamous bitch of a heroine. They include Brenda Bruce and Geraldine McEwen.

But first a word about Sue Plummer's clever setting. It is half-open, framed within a *wonderful assortment* of Edwardian playbills, the basic shape is permanent but as the story-line descends ironically over three acts from Victoria's bedroom, to her drawing-room, to her kitchen, taking her reluctant brace of husbands with it, each venue is furnished with a strikingly appropriate collection of period clutter, all of which does much to enhance the verisimilitude of the farce.

At its centre Maugham has choreographed in words a series of ironic *pas de deux* and *pas de trois* between the lady and the two almost identical gallant majors with whom she is united. *Miss McClelland is partnered in* these by Christopher Godwin and Martin Cochrane both of whom tower above her, and possess in abundance all the required comic skill. As they both try their damnedest to wriggle out from under they are by turns, aloof, considerate, devious, bellicose and downright furious.

Roland Oliver made the profiteer Leicester Paton into rather too much of a heavy for my taste, and poor Ken Wynne, the solicitor who arranges Victoria's divorces, had to compete with memories of Laurence Olivier in the role at the National, but he got his laughs none the less.

ANTHONY CURTIS

National Portrait Gallery

Images of Carlyle by DAVID PIPER

In an age of sonorous declamation, Carlyle's and Ruskin's voices were in their very copiousness, their wide ranges of concern, let alone their resonance, perhaps the greatest among the Great Voices of the Victorian Age, but while Ruskin is continuously re-examined and evaluated, Carlyle, and the noise of his tempestuous style, seem extinguished for the general reader.

Carlyle nevertheless exists as an image in the ranks of that most Victorian phenomenon, the hirsute category of Grand Old Men, and though we do not read him, he expressed, and, to no small degree, formulated certain mental attitudes which still persist. Confronted by what *the* catalogue of the centenary exhibition of his portraits at the National Portrait Gallery calls the "trenchant nature of his profound illiberalism," in *its more extreme expressions* such as the notorious "The Nigger Question" of 1849, the reader today would be repelled and doubtless disgusted. But some elements of his approach may seem perhaps too relevant —"Produce! Produce! Were it the pitifullest infinitesimal *fraction of a Product, produce* it in God's name! 'Tis the utmost that thou hast in thee: out with it then. Up, Up! Whatsoever thy hand findeth to do, do it with thy whole might. Work while it is called Today; for the Night cometh, wherein no man can work." The rhetoric might not be quite Mrs Thatcher's, but the message certainly would. But one of the ideas which Caryle propounded has remained engrained. We *are, most of us, still prone to* hero-worship, to believe in the power of one man, or indeed woman, to change the world: to suspect, whatever Marxist historians may claim, that history is in no small part the sum of individual biographies of great men.

It was in that belief that he helped to forward the promotion of the first of that strangely Anglo-Saxon or anyway British phenomenon in the realm of the arts: a National Portrait Gallery. This came to pass in 1856, and Carlyle was among the earlier Trustees. What better *to inspire a nation to greatness* than a gallery of portraits of their great men? In due course, Carlyle himself became one of the great men, and it is in this guise that his portraitists celebrated him on one of the most remarkable sequences of portraits of a single sitter that the 19th century produced.

Whistler's portrait of Thomas Carlyle

As a full record of the likeness, the sequence is incomplete. Carlyle was actually a *child of the 18th century, of* the Enlightenment, of the Age of Reason. Born in 1795, as a child of impoverished Presbyterian parents in Ecclefechan, he was unlikely to attract the attention of portrait painters until his emergence into a greater world, which was *marked by the publication of* his *French Revolution* in 1837, when he was over 40.

The evolution of his appearance falls into two parts, a pattern common to most of his contemporaries (male). A clean-shaven face yields somewhere in the 1850s to obfuscation by the beard. Carlyle's clean-shaven face was keen, very youthful for all that he was in his forties, with the aggressive thrusting under-lip prominent, though none of the portraits conveys the youthful intensity of eyes, described as "deep violet, with fire burning *at the bottom of them.*" By the 'fifties, his renown was enough for his image to stand as type-representative of a whole class and so it was used by Ford Madox-Brown in his famous allegory of modern society, *Work*, in which Carlyle is shown grimacing, unflatteringly but as a typical brain-worker "who seeming to be idle, works and are the cause of well-ordained work and happiness in others."

In the 1860s and 70s he became a favourite prey for the portrait-makers, including the photographers. He provoked Julia Margaret Cameron to one of her most formidable images. He sat to G. F. Watts, to Millais, to the leading portrait sculptor of the day, Sir Edgar Boehm. There was usually some fuss. Watts was "a very wearisome, washed-out dilettante man," and Carlyle reminded him that he (Carlyle) was "in the habit of wearing clean linen." He all but got cornered by the ruthless Mrs Cameron in his bedroom while changing his trousers. His dislike of the Millais portrait was so strong that Millais never finished it. For all his objections, however, Carlyle did sit, though he was in no way obliged to do so and it is fairly clear that the process stimulated his vanity. All these portraits mentioned so far are in the exhibition, as also the fascinating interior of the Carlye living-rooms at Cheyne Row, by one Robert Tait: Carlyle leaning on the mantelpiece, filling his pipe; Jane, sitting head on hand. They do not look at each other and the room seems pregnant with words unspoken: a non-versation piece. Tait, minutely strong on detail, had difficulties with perspective: the angles are surreally askew, like those of a cardboard box slightly squashed out of true.

The most compelling single exhibit is however one of the most celebrated portraits of the second half of the century, Whistler's version of Carlyle. While in form and presentation, *it is of course a variation on the* theme of his mother, the opportunity for Londoners to see it, on its brief visitation here from *Glasgow, is not to be missed.* Carlyle seems to have endured his exposure to Whistler with his usual ambivalence. He complained bitterly that Whistler was more interested in his clothes than his face, though conceding that the artist had at *least given him a clean collar*, more than Watts had done. But in view of the divergence in sitter's and artist's views about art, *the project went remarkably smoothly*. Carlyle even admitted (not to Whistler), not only a likeness, but "a certain *massive originality* about the whole thing which was rather impressive." But generally his position on art was firm: "*Painting is worthless, except portrait painting.*" Whistler of course refused to allow his picture to be called a portrait, *but insisted on* "Arrangement in Black and Grey, No. 2."

In 1854, Carlyle wrote that "the Portrait was a small lighted candle by which the Biographies could for the first time be *read*." Two years later the National Portrait Gallery was founded, its purpose in large part to show the images of the national great as moral exemplars, inspirations to noble action and achievement and Empire. Times have changed. Carlyle (though admirably presented) is in the basement, while the larger (and very entertaining) show of photographs by Norman Parkinson stays open on the floor above till October 25. *What Carlyle* would have said to the presence of images of Amy and Ann McCandless, stark naked, compressed against each other as if against a revolving wall in a fairground, by huge centripetal force, it is difficult to imagine, but it would have been both *picturesque and trenchant*.

Festival Hall

Williamson's birthday by DOMINIC GILL

In celebration of the 50th birthday on November 21 of Malcolm Williamson, the Master of the Queen's Music, BBC radio and television will be broadcasting simultaneously the first complete performance of Williamson's *Mass of Christ the King*—recorded at a public concert given by the Philharmonia Orchestra under Frank Shipway on Sunday night.

Malcolm Williamson's music, as Andrew Porter gently but accurately observed on this page some 12 years ago, is not for the fastidious. "I find writing music painful and difficult," Williamson has said; but what he writes sounds fluent, agreeably fluent, sometimes only too fluent as it slips, slickly and neatly, from tonal centre to tonal centre, from key to key. There is nothing fundamentally "wrong" with the music of his Mass: it is quite simply not very *strong, or original, or striking*—and after the first five minutes, almost every one of the succeeding 59 is wholly, agreeably and eventually tiresomely predictable.

It is not a matter of ideology or fashion. The Mass consists almost entirely of two types of music: a sanctimonious chromatic broth, reverently simmered and a syncopated, bouncy tune, jovially inconsequent. The very first section announces the two types, a hushed and insinuating "Kyrie" and a jolly "Gloria": and from then on the score swereves violently from pole to pole, rarely pausing for a moment in between. There is a Responsorial Psalm, puree of saccharine Ravel, set aside by side with an Alleluia, mille feuille of the two styles, robust chunky and wistful candy-floss. The pattern, without substantial modification, is faithfully followed. The "Agnus Dei," begun on the dayof Benjamin Britten's death and dedicated to his memory, is pressed directly from the same confectioner's mould as the "Kyrie" and the "Gloria": a chocolate-*coated, soft-centred reminiscence* of Elgar filtered through Puccini. The most striking and successful number of the Mass is the only one to break unequivocally from the pattern: a short, hushed setting of the Lord's Prayer for full chorus, simple, devout and austere, *which seemed to have appeared* suddenly from another world.

Mr Shipway, tall, willowy and faintly narcotic in his beat, performed the remarkable feat of conducting the whole of the Mass from memory. The Philharmonia followed his defenly; the two choirs, of Harlow and the NELP, followed him enthusiastically and well. Of the four distinguished soloists, Gedney, Howells, Leggate and Shirley-Quirk, the two sopranos *especially were notable for the* intensity and devotion they brought to their sugar-spun lines.

New End

Village Wooing

Some superior snooks have been cocked at the pairing of Shaw's 1933 one-act play with a cabaret-style look at the year in question devised by the director Frank Hauser. The point of this exercise is innocent enough. While Shaw discusses a country girl's manhunt in two remote locations—onboard a luxury cruise and in a picture-book post office on the Wiltshire downs—the rest of the world is living in the shadows cast by Hitler and King Kong.

The cabaret is, in fact, an unpretentious snapshot album incorporating references to the "Bodyline" cricket tour of Australia, unemployment figures, *the Wall Street Crash*, the prophetic poetry of Auden ("Out on the Lawn I lie . . .") and the films of Busby Berkeley. Admittedly Judi Dench and Michael Williams are the slaves of their clipboards, but the entertainment is offered in the right spirit and backed up with some superb piano playing by Chuck Mallett.

I have not seen *Village Wooing* since I bumped into a rather dour and spinsterish performance on tour by Michael Denison and Dulcie Gray. Dench and Williams *find a wonderful pace* on the lines and chart with fine precision the shifts in the relationship. When the crumpled, second-rate travel writer suddenly takes the bit between his teeth and, with typical Shavian bravura, announces in a torrent of self-assertive prose that his demands of the girl will exceed anything she could expect to offer him, one's marrow is well and truly chilled.

The piece is a devastatingly economic analysis of an awkward companionship progressing through materialistic partnership (as the writer acquires *the family post office*) and uneasy romance. It is played quite beautifully, Judi Dench suggesting, in her blend of determination, quivering vulnerability and sharp common sense, that her partner might, in the end, be getting more than he bargained for. The final punch line should be more emphatically isolated: it is, after all, the play's best joke that neither party knows the other's name.

MICHAEL COVENEY

Plymouth, Broadway

Nicholas Nickleby

By the beginning of the second part of Nicholas Nickleby, the American audience takes to booing and cheering. During the clever five-minute recap of the first part, the major characters plumb wells of emotion that keep the audience excited for the rest of the nine-hour performance and assure the cast that they have won Broadway's heart.

The London Repertory company directors deserve a lot of credit. There would be practically no costume drama in New York at all if it were not for the National Theatre and the RSC. In addition, directors Trevor Nunn and John Caird fit the production to Americans' penchant for superlatives. A good hearty laugh is garnered by a line added to Mr Crummles's farewell, when he says his theatre troupe can expect to do well in America, since "Americans are much devoted to melodrama. I understand it on good authority they'll pay anything."

If it is a fault for David Edgar to try to squeeze all of the novel on to the stage, it is the kind of weakness Americans adore. For along with superlatives, the audience wants its culture in heavy doses, making the opera scene the perfect touch to include in a production that plays most days from two to midnight, with a break at 6 for less than an hour. The superlatives give New York newspapers excellent fodder for their feature pages, investigating such lively topics as the snacks Roger Rees as Nicholas eats in his dressing room to keep so energetic (cottage cheese). It is out of such pretty probings that super-stardom is diffused super-stars are made, but here throughout the cast, as though they were some colony of exiled nobility — or refugees from a Yorkshire boarding school—descending on New York.

The cast had to tone down their Yorkshire accents, much of the scenery and costumes have to be stored in the neighbouring theatre, and some changes in vocabulary have been made in the transition to America. But the small Plymouth Theatre, with less than 1,000 seats, makes a good approximation of the Aldwych and provides an intimacy that almost justifies the producers' decision to charge the same $100 for all the seats in the house.

FRANK LIPSIUS

Round House

John Alldis Choir

The Arts Council's Contemporary Music Network now prefaces each of its tours of the provinces with a concert at the Round House. Besides providing a showcase of the Council's most direct sponsorship of modern music they form, in effect, another of London's platforms for new music, in which jazz groups alternate with "straight" ensembles. So on Sunday the Network's 10th anniversary season was opened by the John Alldis Choir.

It was a well-balanced programme, expertly performed. Mr Alldis is an unassuming conductor, but the results he obtains from his 16 vocalists are remarkable. The Round House's unyielding acoustic took some of the magic away from the Byrd motets and Josquin's *Petite Camusette* and *Déploration sur Johannes Ockeghem* which began each half of the concert, but all the strands of Schoenberg's *De Profundis* were kept quite distinct. His last completed work, a taut anguished plea set in Hebrew, it has the force and concision of the late instrumental works, but seems not to look back but to suggest new areas of vocal technique, new combinations of spoken and sung declamation. Jolivet's *Epithalamion* seemed by contrast traditional and extravagant. The debt to Messiaen's *Cinq Rechants* was unsurprising: the exotic prose—"You are the particles of the great incandescent soul"—seemed to overpower the ordinariness of the music, for all its fascination with Eastern rhythms and virtuoso demands on the dozen singers.

ANDREW CLEMENTS

F.T. CROSSWORD PUZZLE No. 4,696

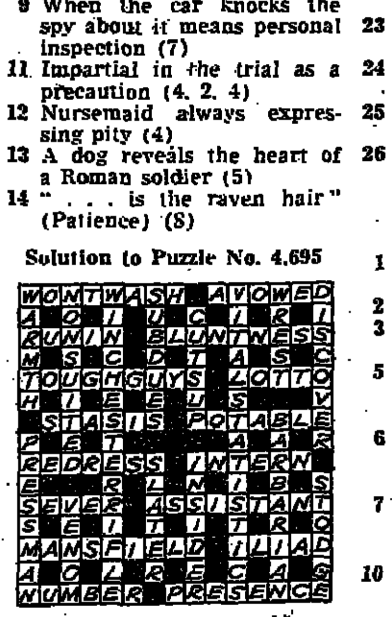
ACROSS

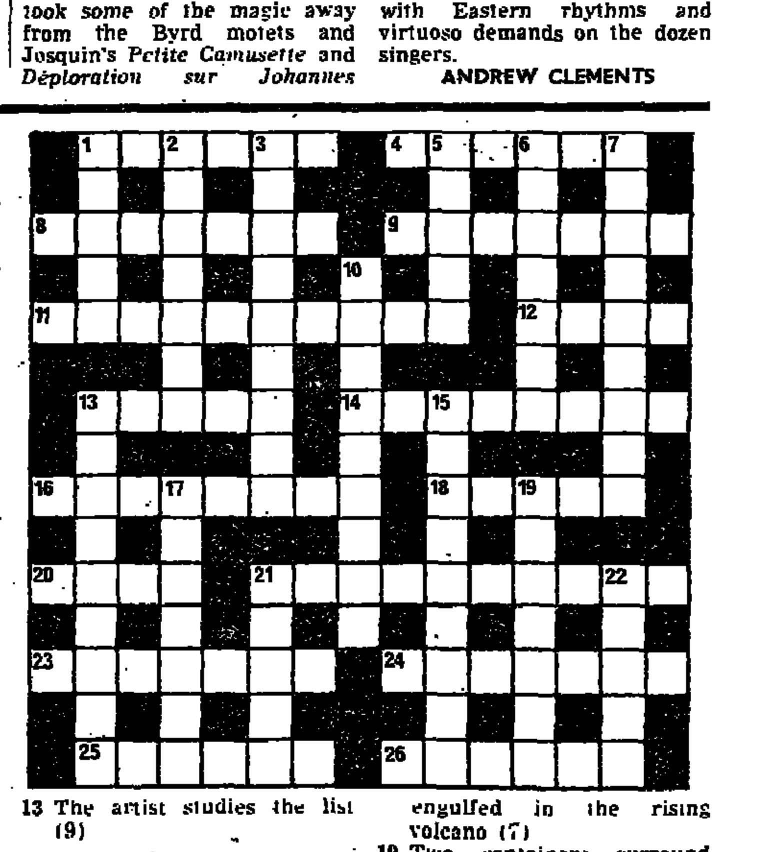
1 The Poles must get in fresh ware to arrive at a solution (6)
4 Whereon we tread expecting a rebuke (6)
8 Artifice may land your contract (7)
9 When the car knocks the spy about it means personal inspection (7)
11 Impartial in the trial as a precaution (4, 2, 4)
12 Nursemaid always expressing pity (4)
13 A dog reveals the heart of a Roman soldier (5)
14 ". . . is the raven hair" (Patience) (8)
16 Adam's fruitless state (8)
18 The end of a sworn statement lets you down at sea (6)
20 A number quit the workroom, leaving the boss alone (4)
21 Capital water in pint serene (10)
23 A body of musicians on leave (7)
24 Give Pluto the lash and strife results (7)
25 Chooses nameless electrons (6)
26 Information in the Women's Service leads to discovery of the spies (6)

DOWN

1 It must mean good-bye to Mitterrand (5)
2 The original loud mouth (7)
3 Aliens set about what is indispensable (9)
5 "Whipping and . . . are like laudanum" (H. B. Stowe) (5)
6 An old boy comes in to babble about legal authentication (7)
7 Thanks to people in the match we have it old and new (9)
10 She just could not get credit (9)
13 The artist studies the list (9)
15 Telephone under the shelf—a method the anglers have (9)
17 Moving slowly Dan is engulfed in the rising volcano (7)
19 Two containers surround one in Rome (7)
21 Give a tipster a bob and he turns to drink (5)
22 Annoys other ranks (5)

Solution to Puzzle No. 4,695





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Tuesday October 13 1981

America's role after Sadat

THE ASSASSINATION of Anwar Sadat was a heavy blow to Western interests in the Middle East but the prospects fore peace need not be excessively dimmed if his death is recognised as a fresh opportunity to re-examine the main elements of policy towards the region.

Mr Alexander Haig, the U.S. Secretary of State, has promised that Washington will now become more involved in the area in order to demonstrate that it is "not fatal to be an ally of the United States." It is the nature and quality of that involvement which will be of most concern to Washington's European and Arab friends.

Support

The Reagan Administration has seemed at best undecided about its attitude to the Camp David agreements. It has professed general support for the two-part procedure which, in addition to the Egypt-Israel peace treaty, provided for a negotiated settlement to the future of the Palestinians living in the Israeli-occupied West Bank and Gaza. Yet the Administration saw as its most urgent priority the need to construct a "strategic consensus" to meet the perceived Soviet threat to the region.

The risk for the U.S. is that the Camp David achievements could begin to unravel and that it will fail to achieve its "strategic consensus." Israel is understandably preoccupied about developments in Egypt. It will be reluctant to complete its withdrawal from the remaining portion of Sinai next April if it feels it cannot trust President-elect Hosni Mubarak or if serious political strains develop with Egypt.

PLO problem

As Mr Haig has rightly said, it is vital for American allies to be able to demonstrate the value of that friendship. For Mr Mubarak to effect a reconciliation with Saudi Arabia, and other Arab moderates, thereby giving greater meaning to "strategic consensus," he must be able to show some contribution to Arab causes. Saudi Arabia will equally find it more difficult to explain the value of pro-American policies if Congress refuses to approve the sale of the Awacs radar aircraft.

But in the immediate aftermath of Mr Sadat's death, the Reagan Administration appears primarily determined to increase its military strength in the region.

The conservative oil producers of the Gulf are privately gratified by the stated American willingness to defend the region against the Soviet Union. However, they cannot be seen to co-operate too publicly with a nation which appears to sustain Israel in its continued occupation of Arab land.

Mr Mubarak's problems will be little different. The presence of the U.S. Mediterranean fleet off the north coast of Egypt and joint exercises with the Rapid Deployment Force on land may deter the revolutionary ambitions of Col Gaddafy. They are powerless to prevent the sort of internal pressures which overthrew the Shah in Iran or indeed to protect the Egyptian leader against the extremists who cut down Mr Sadat.

The new Egyptian leader would benefit enormously from three American actions. The first would be to persuade Israel into making a generous gesture towards the new regime in Cairo: some check to new settlements on the West Bank, a release of some Palestinian prisoners, an offer to advance by a few weeks the withdrawal from Sinai.

The second step would be for Israel to refrain from provocative military action against other Arab states. Mr Sadat was considered to have the domestic strength to ride such actions: Mr Mubarak is unlikely to be so confident.

Diplomacy

Third, the U.S. must find ways of disbursing its substantial aid to Egypt more rapidly. The slowness of the American bureaucracy, when linked to the Egyptian administrative system, meant that Mr Sadat was able to show very little of the new prosperity which he promised his people would accompany peace.

The Administration in Washington might also ponder that it was the committed diplomacy of Mr Carter and his aides which brough Egypt and Israel to sign the peace treaty, and that it was the constant shuttling of Mr Philip Habib around the region that dragged Syria and Israel back from the edge of war over the missiles in Lebanon earlier this year. B-52 bombers and Rapid Deployment Forces may have their role, but it is unlikely at this juncture they alone can do anything to promote stability or peace in the Middle East.

Distortions of regional policy

SUCCESSIVE British governments have long accepted the need to counter the drift of employment and prosperity to the South-east by an active regional policy. Yet it has become increasingly doubtful whether the objectives and instruments of regional policy are well-conceived. Vast sums have been spent in the assisted regions to support the construction of large capital-intensive plants which have few jobs attached to them. The management efficiency of companies in the Midlands and South has sometimes been impaired by rules which force them to establish branch factories in depressed areas.

Great efforts

More fundamentally, regional policy has suffered—like other aspects of industrial policy—from a persistent bias in favour of manufacturing as opposed to service employment. Between 1971 and 1980 total employment in manufacturing in Great Britain fell by 7.9m to 6.5m, while service employment rose from 11.1m to 13.3m. The biggest beneficiary of this shift has been the South-east, which of all the regions has the highest proportion of its labour force engaged in services—more than two thirds. The depressed areas of the North have been at a disadvantage, not simply because of the decline of older manufacturing industries, but because they have lacked a dynamic and growing service sector.

In a paper published this week by the Institute of Economic Affairs Mr J. H. McEnery, a former civil servant, argues persuasively that regional policy has been working "against the grain." Great efforts have been made to divert factory jobs away from the Midlands and the South-east at a time of a general decline in manufacturing employment.

Regional policy, he argues, took no real account of the importance of service industries, particularly autonomous service industry like the headquarters of companies or other organisations. At the same time, Mr McEnery suggests, other Government policies were contributing to the shift of service employment towards the South-east. These included nationalisation, leading in several cases to the elimination of corporate decision centres in the regions in favour of large London-based headquarters, and the permissive approach towards mergers, which had similar consequences for head-office employment.

Although the division of the country between a grimy, declining North and a prosperous, sophisticated South, is often exaggerated, there is some truth in Mr McEnery's reference to the economic "colonisation" by the South-east of much of the rest of the country, in the sense that much of the financial benefit from manufacturing processes in the Midlands and North flows to headquarters and ancillary services in the South-east. This probably contributes to the "them and us" attitudes in labour relations. Moreover, since most of the top jobs are in the South-east and manufacturing processes elsewhere, talented young people are less inclined to seek careers in engineering, especially production engineering.

Local funds

Differential wage rates, reflecting the differences in living costs between the South-east and the North, would probably do more to encourage employment in the depressed areas than subsidies. The Government must look for new ways of stimulating local entrepreneurial endeavour, perhaps along the lines being pursued by Mr Michael Heseltine, Environment Secretary, in his attempts to revive the inner cities. Mobilising local funds to support local entrepreneurs is more likely to generate stable and high-quality employment than heavily subsidised branch factories owned by companies which may have no long-term commitment to the area. Decentralisation is also needed, as Mr McEnery urges, in the nationalised industries: perhaps, too, the disappearance of independent decision centres in the regions is a factor which needs to be given more weight in mergers policy. What is certain is that the problem of regional unemployment is not going to be solved by throwing taxpayers' money at it.

THE SWISS ECONOMY

A crisis to be envied

By W. L. Luetkens

THE Swiss TV announcer pulled the suspicion of a long face. The news from Berne was bad: unemployment was expected to rise steeply. Short time working in some structurally weak industries was going to rise.

The visitor from abroad could not hold back an envious smile. The unemployment ratio is still a mere 0.2 per cent of the work force: the number of vacant jobs is twice as high as the number of unemployed and short time workers taken together. Nobody expects unemployment to rise above, say, 0.3 per cent.

It is pointless to try to understand the sharp inflationary phase through which the Swiss are passing at present without bearing in mind firmly this virtual paradise on the labour market.

On the one hand, what is in effect a structural shortage of labour is an undoubted inflationary influence. But, on the other, there is no pressure on the Swiss National Bank to relax its restrictive policy in order to diminish an army of unemployed.

All of that may fit the traditional picture of an oasis of stability in an uncertain world. But the present phase is clearly connected with the openness to the world with has for long characterised the Swiss economy. The oil shock and rising import prices have been an important, though not precisely quantifiable, element in the inflationary surge.

The implication is that the National Bank will have to keep its eye on both the inflation rate and on the exchange rate. If the franc goes too high because the Swiss bring their inflation rate down, the dilemma of 1978 may be repeated.

Then, the National Bank abandoned monetary targets until early 1979 and made the franc come down. Now all the emphasis is again on monetary targets and these have been kept severely restrictive.

Inflation rate at near record

Precisely how restrictive they have been can be seen both from the monetary aggregates and from the sharp rise of interest rates. The target for the monetary base, unchanged for some time, has been growth of 4 per cent. The actual growth from January 1980 to January 1981 was very nearly zero, and may be so again this year. The yield of federal government bonds rose from a beggarly 3 per cent at the end of 1978 to a peak of 6.16 per cent in September 1981, since when it has declined slightly.

At the same time the inflation rate (as measured by the consumer price index) has soared from an almost unbelievable 1 per cent p.a. to a near-record 7½ per cent and may rise further before 1981 is out.

For the Swiss these are astronomic levels. In the Swiss National Bank it is admitted that Switzerland is paying the price for a deliberate decision, made late in 1978, temporarily to abandon monetary targets to arrest a swift rise of the exchange rate at a moment when its export weighted index (1974=100) had soared to 190. In the words of one banker (not in the National Bank): "The survival of our export industries is worth an occasional fall from grace."

By the end of September 1981 the export-weighted index was down to 169 and it has probably fallen a bit further since. More important, the index of the real exchange rate (1974=100) which makes allowance for inflation rates in Switzerland and its most important trading partners, was 110 in mid-1981 as against about 120 two and also three years ago.

Swiss exporters have shown that they can live with the current level. But structurally weak industries like the watchmakers are suffering and the machine builders, the country's most important exporters, have had to cut into margins.

Nevertheless, and despite the world recession, overall exports seem to be picking up after a poor first quarter. At the same time reduced imports of capital goods, because of the expectation that business activity will turn down, have caused a reversal in the Swiss current account. Last year's deficit of SwFr 905m (about £206m at the present exchange rate) may turn into a surplus of roughly equal size in 1981.

That strong position enables Herr Fritz Leutwiler, president of the National Bank, to risk—and indeed to court—a rising exchange rate as a remedy for inflation. One of the elements in the recent bout of inflation has been the high rate of the U.S. dollar, which pushed up the price the Swiss had to pay for all their oil and oil products. Pressure from this quarter has diminished sharply because of the weakness of the oil price and from the decline of the dollar vis-a-vis the franc of some 15 per cent in recent months.

Zurich bankers believe that this process may continue provided domestic inflationary pressure can be brought down—and provided that the assassination of President Sadat does not set in train events which push up oil and encourage a flight of Middle East money to the U.S.

But Herr Leutwiler has also said that he expects a more or less parallel movement of the franc, the D-Mark, and the Japanese yen. In 1978, when he temporarily changed tack, Herr Leutwiler said he wanted the franc to be at a level where the DM was clearly worth more than SwFr 0.80. That target still stands in the interests of Swiss exporters, given that West Germany is the leading trading partner of the Swiss.

In the National Bank, but also among other bankers there is now a confident hope that the inflation rate will decline quite sharply in 1982, but probably not before the middle of the year.

One school of thought argues that there seems to be a three-year lag between changes in monetary policy and the behaviour of the consumer price index: the abandonment in 1978 of monetary targets hit the consumer in 1981: the return, at first hesitant, to a restrictive course in 1979 could therefore pay off in 1982.

Besides, the unexpectedly strong growth of the economy, which reached 4 per cent last year, is levelling off into what could be a mini-recession, and the appreciation of the franc vis-a-vis the U.S. dollar could continue unless the anti-inflationary policy of the Reagan Administration shows greater success than hitherto.

On the other hand, inflationary expectations remain high for Switzerland; confronted with a marginal reduction of real wages in 1980 and again this year, householders have been borrowing or falling back on their savings to maintain a high level of consumer demand.

By Swiss standards, the coming wage round may be difficult, especially since many workers are accustomed to regular compensation for loss of purchasing power by a trigger mechanism which approaches indexing. Moreover, high interest rates are going to feed through to rents—a factor of some importance in a country where the majority of the people live in rented accommodation. Mortgage rates have risen twice by half a percentage point this year, and another step is likely in the spring.

By keeping the franc strong—for instance by having gone along with the revaluation of the D-Mark within the European Monetary System (of which Switzerland is not a member)—the authorities hope they will be able to avoid a vicious circle in which interest rates feed on inflation and inflation on interest rates.

For the latter, too, the turning point is expected in 1982. That hope is supported by the classic symptom that short-term interest rates are higher than rates for long-term money. Swiss domestic bonds at present yield something over 6 per cent, a negative real return; but large three- to five-month deposits command 10½ per cent. Money tied down for a year yields 9¾ per cent, reflecting the expectation that rates will fall.

There are other indications that rates may have reached a plateau. An Austrian Government 8¼ per cent issue floated in September at 99 per cent of par (plus 0.3 per cent tax) has climbed above par. Foreign issues command a higher price for a built-in reason: Swiss pension funds and insurance companies are restricted in the amounts that they may invest in instruments other than domestic bonds, and therefore, willy-nilly, support that market.

Other investors have held back, using short term investments and fiduciary funds reinvested abroad as a waiting room. It follows that once the turning point comes, yields may decline quite sharply on the bond market. The possibility of capital gains therefore exists, which could be enhanced for the foreign investor by a higher Swiss exchange rate.

Foreign borrowers, of course, will see it the other way round. None the less, there has been a spate of foreign issues this year, and before the end of December another SwFr 2-3bn are expected to be raised in the form of foreign bond issues and notes.

The risk that the Swiss authorities are running is that of overkill—something of which the National Bank is well aware. The restrictive monetary policy could set off a real recession; and a sharp rise of the franc, should it occur, could confront exporters with a crisis like that of 1978. The National Bank has shown its awareness of the latter danger by not retracting the target set in 1978 for the D-Mark exchange rate.

If there is a recession the starting point now is less favourable than in 1975, when GNP contracted in volume by 7.5 per cent. As a result the number of migratory workers from abroad declined steeply but that cushion has probably gone. The negligible degree of unemployment at present, however, is re-assuring.

As for exporters—if the exchange rate rises—everything will depend upon their ability to maintain the continuous process of innovation and movement into higher added value which, alone, has enabled Swiss industry to remain the force it is despite labour costs which are among the highest in the world.

One figure will illustrate what is meant. Each kilo of chemicals imported into Switzerland last year, on average, cost SwFr 1.95. Each kilo exported cost SwFr 11. High value, and high value alone, gave the industry an export surplus.

By rights the Swiss textile and clothing industry should be in trouble no less deep than the industry is elsewhere in Europe. But styling and design, as well as a concentration on high-quality products, have kept its head well above water.

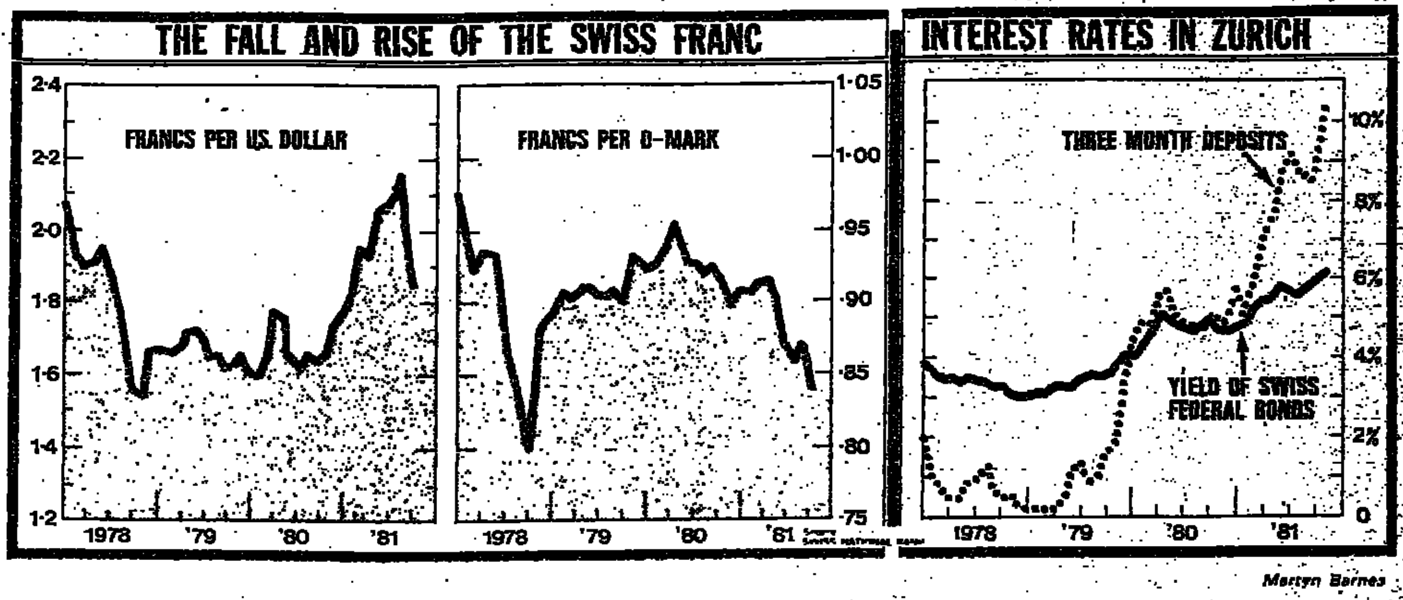
The watch industry has managed less well against Japanese competition, especially since it has been hit by errors of some managements. A shake-out became inevitable some time ago, the results of which remain to be seen.

Production shift to affiliates abroad

In the longer run, Swiss entrepreneurs are shifting production of the less high grade products to affiliates abroad to take advantage of lower transport costs to markets and of lower wages. More than half of the output of the big Swiss chemical concerns comes from plants abroad.

The loss of jobs involved has so far been more than compensated for by the service sector, for instance the banks. Deep seated problems may arise if the process continues indefinitely. But so far the contribution of manufacturing to GNP is high by the standards of comparable industrial countries.

In this instance, too, the country has reserves to fall back upon. It seems that national economic disasters come in three forms: the chronic, the acute, and the Swiss. The Swiss form has hitherto proved self-correcting.



Martyn Barnes

INFLATION
Percentage year on year

	1976	1977	1978	1979	1980
Switzerland	1.7	1.6	0.8	3.7	4.0
West Germany	4.3	3.6	2.8	4.1	5.5
France	9.6	9.4	9.1	10.7	13.3
UK	16.5	15.9	8.3	13.4	18.0
U.S.	5.8	6.5	7.5	11.3	13.5
Italy	16.8	17.0	12.1	14.7	21.2

Source: IFS

UNEMPLOYMENT
Percentage of civilian labour force

	1976	1977	1978	1979	1980
Switzerland	0.1	0.05	0.05	0.05	0.07
West Germany	4.1	4.0	3.9	3.4	3.4
France	4.3	4.8	5.2	6.0	6.4
UK	5.3	5.7	5.7	5.3	6.8
U.S.	7.7	7.1	6.0	5.8	7.1
Italy	5.6	6.4	7.1	7.5	8.0

Source: ILO/Eurostat

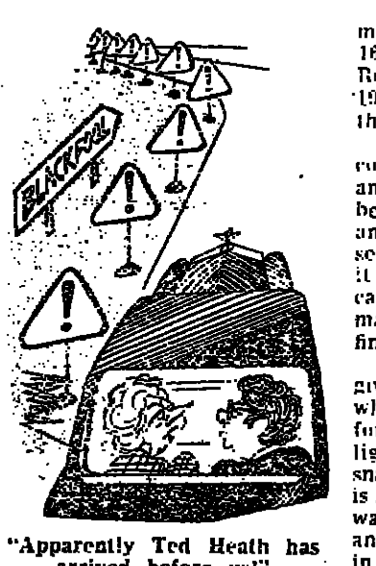
Men & Matters

Weyer's way

Deryk Weyer, one of the few rank-and-file bankers to penetrate the upper echelons of Barclays Bank (normally the preserve of members of the founding families), has wasted little time in reorganising the UK operations since he took the chair at Barclays Bank U.K. a year ago.

With the help of McKinsey's, the management consultants, the 55-year-old Weyer has completely overhauled the domestic head office structure and for the first time established clear lines of responsibility for his general managers. Until now they have done a bit of everything and it has been impossible to hold individuals responsible for achieving the bank's objectives.

Although a few loose ends still have to be tied up, the broad outline of the new organisation, which will come into operation when John Quinton takes over as senior general manager on January 1, is already clear.



"Apparently Ted Heath has arrived before us!"

odds are that when it comes to the appointment of the next group chairman, the choice will be made from the handful of family-connected executive directors who still occupy a position akin to that of the old managing partners.

Loaned out

Euro-MPs are getting every bit as obsessed as their Westminster cousins with the public sector borrowing requirement. But while the domestic psbr is only too much in evidence, the complaint at Strasbourg is that the European Community's version cannot be found.

French MP, Pierre Bernard Cousté told the European Parliament yesterday of his attempt to track down the Community's borrowing and lending operations.

Coining it

The benefits of being a guest of South African Finance Minister Owen Horwood at Pretoria's Mint on September 10 last year are only now becoming clear.

Card game

Eating out on a credit card can be a risky business according to ex-FBI agent James McGrath, head of the American Express corporate security branch.

Knight errant

A friend just back from a holiday tour of German castles tells me he had a marvellous time. He got absolutely schlossed.

Observer

EMPLOYING THE DISABLED

Britain: the odd man out

By Lisa Wood

MR. ROGER HALHEAD is a partially-sighted computer programmer. Eighteen months ago when K Shoes, his employer, introduced new machines he feared that he would no longer be able to do his job.

But a special unit was designed for him which enlarged the characters so that he could still read them on his visual display unit.

He is a fortunate man. For even nine months into the International Year of the Disabled many British employers are still ignorant, despite the wide publicity, of the grants and aids available for those who can perform a full day's work given the appropriate support.

And as the recession bites harder unemployed disabled people are finding employers ever more reluctant to take them on. Meanwhile, government plans to introduce new legislation could actually make the situation worse.

Unemployment among those registered as disabled, but who are not severely handicapped so as to be eligible for "sheltered" work like that provided by agencies such as Remploy, is already 50 per cent higher than for the working population as a whole.

West Germany's 'model' system

The new legislation would abolish the quota system which now obliges employers with more than 20 workers to employ 3 per cent disabled workers. In its place would be a more general statutory requirement under which employers should "take reasonable steps to promote equality of employment opportunities for disabled people."

By contrast the European Parliament issued a directive in March recommending that member states should adopt "workable quotas" on the West German model. Most European countries already operate some sort of "quota" system for the disabled. It is difficult to compare their respective effectiveness but what is clear is that legislation without sanctions is not effective and tax and subsidy schemes are major incentives.

In West Germany every employer with more than 16 employees is obliged to employ 6 per cent disabled. Compliance with the law is relatively good but if an employer does not reach his quota he estimates the number of unfilled places and pays a substantial levy to a central fund which is then used to fund employment projects for the disabled.

In Britain its hard to find anyone who supports the quota system in its present form. Since the 1950s, when the legislation came into force mainly to protect war-disabled workers, fewer and fewer people have registered as disabled. In 1961 there were 664,400 but by 1980 the total had fallen to 470,600.

As a direct result of this if every company eligible to do so decided to fulfil its quota obligation there would not be enough people to go around. Thus, the Manpower Services Commission argues, employers are being forced to comply with, and the MSC to administer and enforce, an impracticable law.

Organisations such as the Disability Alliance, which represents some 70 organisations, argue that registration has fallen because disabled people see no positive benefit in getting their "green card;" they say the system is ineffectively policed by the MSC's disablement resettlement officers even though they paid some 280,000 visits to employers last year.

In May 1981 there were 72,300 unemployed people who had already registered as disabled and a further 103,800 disabled people who do not have a green card but have registered as unemployed.

In West Germany a higher proportion of disabled people register than in Britain partly because the criteria for disablement are different. But there are also positive incentives to do so.

The Manpower Services Commission is highly critical of the West German model. Such a system, it says, "would be a move towards wholesale and indiscriminate preferential treatment of disabled people." This, says the MSC, would be "contrary to the MSC's policy of encouraging the acceptance of disabled people in the workforce on equal terms with their able-bodied fellow workers wherever possible."

But equality of opportunity can only be achieved if certain basic hurdles are overcome.

For example, the most overt problem is that job applications are often prejudiced by popular stereotype—the fear that a psychiatric illness could recur for example or the notion that physical handicap entails mental impairment.

Mrs Elaine Mercer is a secretary who went blind in her early 20s. Retrained in equivalent blind qualifications she is a member of a jobs for the disabled promotional team attached to Southwark Training Workshops in South London. "Employers," she said, "fear they will have to shoulder a burden if they employ a disabled person. But given the right support a disabled person can perform just as well as an able-bodied person."

But the proposals being considered by the British Government do not include any plans to protect the disabled even by the kind of anti-discrimination legislation which is currently enjoyed by blacks and women. Such legislation, covering the disabled, operates in the U.S. for companies which are federally-funded or have federal contracts.

The fact that a person is disabled can also lead to redundancy as in the recent case of Mrs Elaine Whalley who at a Manchester industrial tribunal claimed unfair dismissal against her employer, Schreiber Furniture.

Schreiber had decided to make redundancies at its Bolton upholstery shop. One of the criteria for redundancy was attendance record. Mrs Whalley, deemed a first class worker by the company, suffers from multiple sclerosis and had a poor attendance record because of her illness.

In dismissing Mrs Whalley's case the tribunal said it could not be said that "in selecting the applicant as opposed to people who are in a happier and more fortunate state of health the respondents acted unreasonably."

Such a decision, at a time when the recession is biting harder, begs the question of what sort of employment prospects many disabled people would face if they were stripped of their one legal foothold in the employer's door, the quota system.

The MSC insists that given the practical ineffectiveness of coercion, persuasion could be more effective. In fact it says "litigation would damage relations between disabled people and employers and would not be conducive to the kind of atmosphere in which the MSC's policies of persuasion would be effective."

Then there is the further hurdle of the unattractiveness to some employers of existing "carrots." Grants of up to £6,000 are available for special aids and adaptations to premises but take-up is low—some £213,000 in 1980 compared with £203,000 the previous year.

Employers blame red tape, an opinion endorsed by Mrs Mercer. "An employer can be so aggravated by the paper work entailed that only somebody who is really interested in helping a disabled person would go to those lengths," she commented.

Adventurous policies to integrate the disabled and the able-bodied are being pursued by some employers. But one example, that of Nimbus Laboratories of Northampton, draws into sharp relief the conflicting attitudes of both the public and the state towards disability.

Nimbus was set up in 1898 as a charity to provide traditional employment for the blind, making products such as brushes, mats and bedding. But some 20 years ago it was decided that it should make soap, a fast moving consumer product. Because of the dangers involved in part of the process it was decided to employ a number of able-bodied workers.

Today Nimbus employs 65 permanent staff of whom 35 are disabled. Alone among sheltered workshops which employ some 12,000 severely disabled people in Britain it makes a profit.

But the policy upon which this profitability is based—that of a mixed workforce—brings it into conflict with official classifications.

If a partially sighted person wants a job at Nimbus he or she may not come under the official section two category of disablement which makes the severely disabled worker eligible for sheltered work. So, if such an individual is employed and Nimbus makes a loss the company would not get a subsidy and this could imperil the security of the rest of the workforce. It is therefore more financially secure for Nimbus to employ a severely disabled person, become less competitive and make a loss.

Similarly if Nimbus wants to instal more efficient machinery and applies to the MSC for a grant fears are expressed that fewer disabled people will be employed.

At the same time there are problems at management level. Mr Nicholas Mabey, the managing director, said able-bodied people were not always "kindly disposed" to working with the disabled, some of whom need special assistance. "If we have problems here goodness knows what happens in an ordinary factory," he said.

Prosecution as 'a last resort'

"It is difficult for an employer who has never met a blind person to make a judgment about employing one. He probably says 'why take the risk?'"

That is exactly what the Government will be asking employers to do if it removes the, albeit inefficient, quota system which at least placed a quantifiable obligation upon private companies. The new system it is said would only invite prosecution as "a last resort."

In anticipation of new legislation organisations representing the disabled are redoubling efforts to promote the abilities—not the disabilities—of those who, with the right aids, can overcome handicaps such as heart disease, physical injury and regressive disease. The Royal National Institute for the Blind, for example, is holding an Open Day on Thursday at its headquarters in Great Portland Street, London, W1, to show just how well those with imperfect sight can perform at work.

Lombard

Meaning well is not enough

By Anthony Harris

WHEN AN aircraft crashes into the side of a mountain, it is of little comfort to the bereaved to be told that the captain and navigator thought that they were on course for a commodious airfield. We expect those in charge of relatively trivial activities like flying aeroplanes to understand the technicalities of their job and get it right.

Political parties, it seems, run on different principles. In this week's battle over party loyalties, Mrs Thatcher is campaigning for, and will no doubt win, what seems only too likely to prove a posthumous vote of confidence in her powers of navigation. She will remind the party of the beauties of the promised destination, explain that flights often encounter a little rough weather, and that the port engine is on fire, will be accused of irrelevant technicalities.

This attitude is the short route to tragedy; so I hope that there will be some Tory spirits bold enough to stick to the awkward questions and insist on answers, both in conference and in Parliament, even at the risk of being called disloyal. Attitudinising is all very well in opposition; but actual government, like actual flying, is nothing other than an endless series of vital technicalities. Get them wrong, and you crash.

Promises

The technical errors of the present Government are hardly trivial, at that. The original flight plan was a fraud, because it promised to deflate the economy and stimulate it at the same time, which can't be done. Something, therefore, was bound to go wrong.

In fact every element in the Medium Term Financial Strategy has been missed, whether it concerns the money supply, the borrowing requirement, the levels of tax and spending, the rate of inflation or the assumed rate of growth. There are good technical reasons for all these disasters, and they need spelling out.

First, the target for Sterling M3 is inherently unachievable. Sterling M3 is and was designed as an indicator of fiscal, not monetary performance, and can only be controlled through fiscal policy. Even given the right means of control, it can not be held much below the rate of growth of money GDP. The targets set were bound to be missed, and even more so when the Government used the wrong means—high interest rates—in the attempt to achieve the impossible.

Unachievable

Secondly, the target for borrowing is also unachievable in the simple-minded terms in which it is set. Revenue falls in a slump. Further deflation makes the slump worse. High interest rates enlarge expenditure, as long as nearly all government borrowing is financed at fixed interest.

These obstinate facts mean that technical changes are essential if we are to make any progress at all. The monetary target should be for the exchange rate or perhaps narrow money. The fiscal target should be for the underlying borrowing requirement. Long-term borrowing should be indexed. These are not soft options—under some circumstances they could be hard ones. But they do add up to a policy which would be workable.

These changes are not a U-turn, because the objective, reliance on market disciplines, is unchanged; but they might under present circumstances add up to quite a drastic change of course but when you are adrift, a change of course is necessary if you are to reach your destination. As we are flying at the moment and despite the emergence of new parties, we seem well on course for the side of Mt. Benn.

Letters to the Editor

Edward Heath: saint and sinner

From Mr J. L. Carr

Sir,—The alleged impracticability of the ring fence proposed by Mr Heath to insulate Europe from the consequences of American monetary policies is surely not a reason for rejecting his imaginative and constructive policy. If the countries of the EEC increased public investment and reduced short-term interest rates, their currencies would no doubt depreciate against dollars—and yen. But so long as the EMS holds together, such a collective depreciation would have little direct effect on internal prices, apart from oil, which is a source of profit to the UK. Food prices fixed under the CAP would be unchanged, at least initially, and there seems no reason why rents or the costs of service industries should be much affected. European manufacturers would receive some much needed protection against Japanese goods, and be able to compete more effectively in world markets, so that unemployment would be reduced. The already large proportion of our trade done with other EEC countries and associates would increase, reducing still further the impact of further depreciation on internal prices.

The Chancellor's objection to our joining the EMS on the ground that changes in oil prices affect sterling and the other EEC currencies in opposite ways does not seem insuperable. Surely, when sterling is in demand, the Bank of England can build up deposits abroad, either in other EEC countries or in U.S., and these deposits can be drawn on to support sterling at other times.

J. L. Carr,
56, Bournemouth Drive,
Herne Bay.

From Miss Margaret Needham

Sir,—Were Mr Heath sincere in his latest belief in "consensus politics," we would see the most notable U-turn in postwar politics. Consensus means, he explains, "deliberately setting out to achieve the widest common measure of agreement about our national policies."

Was it not Mr Heath who was mainly to blame for taking the UK into full membership of the Common Market without seeking a mandate from the electorate? Was it not the same gentleman who indeed tricked the voters by declaring he would merely "negotiate, no more no less"? And was he not also to blame for hiding from the citizens of this country the fact that Associate Membership with the EEC was an available option—an option which would have given us free trade without losing the right to manage our own affairs? (The friction, the discord and the wrangling we would have been saved had we but had Associate Membership with the EEC rather than full Membership can now be assessed as we see most of our EFTA partners enjoying that state.)

With the majority of our citizens being opposed to EEC membership does Mr Heath, I wonder, really mean what he says?

M. Needham.
Drumgray, Edrom,
Duns, Scotland.

Disenfranchised overseas voters

From Trevor A.-W. Walker

Sir,—There are about 1m and possibly more British subjects living and working abroad, mainly in Europe, who are denied the basic democratic right to vote either in a British general election or the equivalent European election.

The U.S. and most European countries allow their citizens the rights of a postal vote. The British Government, however, does not. This injustice should be dealt with in Parliament by the political parties. Should, however, Parliament not be able to push through the required legislation swiftly enough to enable these potential voters a vote in the next general election, the people whose rights have been denied should go to the European Court of Justice and have the election declared invalid.

I would like this letter to be taken as an open request to all interested parties to push through the required legislation so that we can vote in the next general election and possibly prevent a radical socialist government from turning the UK into a Soviet puppet state.

Trevor A. W. Walker.
Wetzbach 26 j,
D-6144 Zwingenberg,
West Germany.

The threat of a gas strike

From the General Secretary, NALGO

Sir,—Miss Ann Smith's letter (October 8) correctly points to the serious implications of the closure of the gas showrooms and of a sustained gas strike. She is worried, quite rightly, by the lack of information about the sale of the gas showrooms. NALGO has argued throughout that this has been a major problem. Our opinion is that the Government's decision has not been thought through, and is based more on dogmatic political considerations than the needs of the consumers and employees of the gas industry.

As for Miss Smith's appeal for "common sense on all sides," the Government has already indicated that it is unwilling to reconsider its position. Faced with a refusal to negotiate, the trade unions have two options—accept massive redundancies or take industrial action. Our members, by their tremendous support for the national one day strike on July 13, have left us in no doubt as to their determination to preserve their jobs and the service. Few of them believe more jobs will be created in private industry—more than likely, because of the disappearance of the present *comprehensive back-up service*, private consumers will switch to other forms of energy.

NALGO is aware that a gas strike by all workers in the industry—we represent 50,000 technical and administrative workers—will have an immediate and devastating effect. Our members will do all in their power to ensure the safety of the public and property. However, it is the present Government which must take the full blame for a dispute for which it is clearly responsible at all stages of its development.

Geoffrey Drain.
1, Mabledon Place, WC1.

Chemical plant manufacture

From the Acting Director, National Joint Council for the Engineering Construction Industry

Sir,—Mr Gene McBrayer, of Exxon Chemical Company, is reported (October 7) as complaining of the poor performance in chemical plant construction in the UK. He cites as one cause, "industrial relations difficulties often brought on by fragmented bargaining structures." Past events no doubt gave substance to his strictures but he may not be aware that on September 10 this year there was signed by three employers' bodies and all the unions concerned a new National Agreement which will bring a large measure of uniformity in pay, conditions and procedures—*together with the means for* monitoring them nationally—to all UK engineering construction projects. It has the backing of all the major chemical companies operating in the UK as well as that of clients in the other industries—power, steel, oil, etc.—for whom large plants are built.

Alan Reddrop.
St James House,
11-13, George Street, W1.

Tax rules on company cars

From Mr. E. R. Gurney.

Sir,—I wonder why the drafters of taxation legislation referring to company cars always, but always, get it wrong first time so that British industry is unnecessarily penalised, and I refer to my own letter you kindly published on September 12 on this subject.

Currently, the tax bands charged to employees for company cars are as follows—up to 1300 cc, up to 1800 cc and over 1800 cc engine capacity. The Ford Escort, the Vauxhall Astra and, equally importantly, the new Renault 9, all come within the 1300 cc bracket, but the new Triumph Acclaim is 1335 cc.

Furthermore, from April 6 1982 petrol supplied to employees will also be taxed as a scale charge and within the same engine capacity limits. It will, therefore, cost an employee significantly more in tax to choose an Acclaim as his company car than to drive a Renault 9. How crazy can we be!

I drove an Acclaim yesterday, the day of its launch, and it is the most refined small car I have ever driven. Why penalise it unnecessarily in the marketplace? It was clearly not possible in the time available to get the car into production to make changes such as engine size and the economy of scale would, in any case, be adversely affected by such a change.

It is the drafter of the legislation who should have adjusted his figure to, say, 1350 cc, and this should have been done before the launch so that it looked less obvious. The man concerned may well have been on strike at the critical time, but that is no reason why he should not have done his homework!

E. R. Gurney.
30, Milsom Street, Bath.

Glaxo up £21m as growth quickens in second half

TAXABLE profit growth at Glaxo Holdings accelerated in the second half of the year to June 30 1981, as this pharmaceutical manufacturer reaped the benefits of greater productivity and market penetration, and trading profits were boosted £8m by changes in the value of sterling.

At halfway the pre-tax result showed a £5.28m improvement at £35.6m, while that for the 12 months registered a £21.24m gain at £97.33m.

Undiluted earnings per 50p share are shown to have risen from 24.7p to 33.8p and fully diluted are up from 22.4p to 33.5p. The net final dividend is 7.5p, lifting the total payment from 9.5p to 11.25p at a cost of £19.65m (£16.07m).

Group external sales for the year advanced to £710m (£618m). Those excluding wholesaling, at £537m, were £103m higher, with the UK contribution rising £36m to £143m and that from overseas expanding by £67m to £394m. The directors report that the quantity sold of most major products increased compared with last year, as did the average quantity sold per employee.

Trading profit, at £86.55m, finished £21m higher. Share of associates added a further £4m (£2.91m), while interest took £3.22m against £2.5m.

After tax of £26.53m (£23.5m) and minority profits of £1.23m (£784,000), the attributable balance showed an £18.8m advance at £60.57m. Some £41.52m (£25.74m) was transferred to reserves. On a CA basis taxable profits are given at £53.46m (£28.53m).

See Lex

HIGHLIGHTS

Lex looks at the financial markets, in particular foreign exchange where the pound slid back four points due to lack of Bank support. On the corporate front Glaxo produced some very good figures with a sharp profits increase and better than anticipated dividend. Guinness Peat released its annual accounts yesterday amid rumours of possible takeover bids. The report shows that borrowings have risen but the group sets out its strategy for recovery. Woolworth has made another expensive *purchase in the DIY field, this time of Dodge City.* Finally Lex comments on the first quarter figures from HME though the main interest lies in talks with the Malaysians.

Arbuthnot Government Securities

After all charges, net revenue for Arbuthnot Government Securities Trust was sharply higher at £3.62m (£934,051), for the year to July 31 1981. Gross revenue was £3.82m (£953,231).

The increase in revenue was due to a rise in funds employed as shares were issued to meet the continuing demand by investors, the directors say.

As already announced a fourth interim in lieu of a final of 3.19p (same) is being paid, making 12.76p (12.755p).

Receiver for Permanent Houses group

Mr Colin Bird and Mr Philip Baldwin, of Price Waterhouse, have been appointed receivers to the companies in the Permanent Houses (Holdings) group. It is engaged principally in commercial and residential building development in Scotland, the North and South West of England, and in UK and International road haulage.

The Receivers are urgently reviewing the situation on the property holdings, and the haulage trade is continuing with a view to its sale as a going concern.

Edinburgh Investment increase

First half revenue after tax rose at Edinburgh Investment Trust from £1.82m to £2.02m for the period ending September 30 1981.

The interim dividend has been effectively raised from 0.84p to 0.95p—after a one-for-two scrip last year—and the directors expect the total for the year to March 31 1981 to be not less than 2.16p (1.96p adjusted).

Net asset value per ordinary 25p share is stated slightly lower at 76.2p (78.7p). The gross revenue was £4.52m (£3.81m)

HME falls £2m in first quarter

FIRST QUARTER taxable profits of Harrisons Malaysian Estates to June 30, 1981, fell from £6.67m to £4.63m.

Last year this rubber, palm oil, cocoa and copra producer—which is 80 per cent owned by Harrisons and Crosfield—made pre-tax profits of £23.23m and paid dividends totalling 11p net per 10p share of which 3p was a special payment.

The three month surplus was made up of trading profits of £3.3m (£5.5m), investment income of £1.26m (£1.06m) and share of associates profits of £68,000 (£113,000).

Tax took £1.62m (£2.66m) and after minority interests of £10,000 (£15,000) the attributable profits emerged at £3m (£3.99m).

During the three months the amounts of crops harvested were as follows (in tonnes): rubber 7,947 (8,655), palm oil and kernels 34,382 (36,561), cocoa 952 (1,071) and copra 1,068 (1,250).

In the six months to September 30, 1981, the amounts harvested were: rubber 17,727 (19,694), palm oil and kernels 73,061 (77,618), cocoa 1,584 (2,232) and copra 2,478 (2,583).

See Lex

Action by Guinness Peat

AN IMPROVED performance is being shown in the current year on the chemicals side of Guinness Peat Group and directors are taking whatever action they can, in the current economic climate, to reverse the trend of the industrial activities, says Mr Edmund Bell, chairman.

Both these sectors have shown deterioratory results over the last few years.

"We have changed our approach to international projects, tightening the criteria which we apply when tendering *for projects,"* he sates. This had an effect on the 1980-81 results, but the chairman expects income from this division to start showing better levels in the future.

As reported on September 12, the continuation of the recession together with a trading loss of £4m in Lewis and Peat (Chicago), physical commodity company, and a severe impact on results, and for the year ended April 30 pre-tax profits dived from £15.67m to £2.79m. The final dividend is cut from 4.35p to 1.25p for a total payment of 4p (7p) per share.

The group's balance sheet shows shareholders' funds of £50.47m (£50.22m). Bank and other borrowings amounted to £109.2m against £78.15m, and bank balances and cash totalled £32.66m (£31.82m). Net current assets were £6.94m (£13.85m). Long term loans increased from £24.03m to £26.64m.

Notes to the accounts show an ex-gratia payment of £10,000 to a former executive director, and at April 30, 13 directors and connected persons had loans outstanding, from Guinness Mahon and Co. amounting to £735,775.

Meeting, Winchester House, EC, on November 5 at 11.45 am.

See Lex

BRICKHOUSE DUDLEY

Brickhouse Dudley has acquired a subsidiary, Rockway Engineering, which distributes specialist fittings for the petrochemical industry. The consideration was less than 5 per cent of the assets.

Currys holds midway profit at £4.4m

FIRST HALF taxable profits of electrical appliance retailer Currys Group to July 29 1981 slipped marginally from £4.49m to £4.43m, on cash takings 12.5 per cent higher at £122.68m compared with £109.1m.

The interim dividend is being maintained at 0.75p net per 25p share—after allowing for a one-for-one scrip. Last year a total of 4.5p (adjusted) was paid on pre-tax profits of £12.28m and earnings per share of 21.4p (adjusted). Earnings for the six months are stated at 8p (8.1p adjusted) a share.

Mr Dennis Curry, chairman, says since July sales have not been good, and the group's retail performance is running slightly below last year. With the recession continuing and unemployment growing, he says the group may consider itself fortunate if the year's profits exceed those of last year.

However, marketing plans for the autumn include effective promotions and advertising and there are still hopes for another record year. In the longer term Mr Curry has every expectation of continuing profit growth.

Looking to the first half he says the group was able to maintain gross profit margins at similar levels to last year, but there were a number of substantial increases in costs—in particular from nationalised and local authorities.

At the same time price inflation in the group's merchandise was very low, so that it has had to sell more just to stand still.

The pre-tax profits—struck after redundancy payments of £396,000 (nil) to warehouse drivers following the decision to use National Carriers—included trading profits of £3.79m (£3.2m), interest receivable less payable of £634,000 (£1.16m) and a surplus on the sale of properties of £397,000 (£127,000).

The interest received was lower than last year partly because of lower interest rates and partly because of successful rental business and the acquiring more freehold properties both of which absorbed large amounts of capital.

Most of the surplus on the sale of properties came from five shop freeholds vacated in favour of more suitable premises. The group is also increasing the number of retail outlets with the 500th Currys shop opening in Cardiff next month and the Bridges Discount warehouses now numbering 17 and Carousel specialist rental shops 13.

However Mr Curry says that due to difficulties in acquiring suitable properties the group will fall short of its 1981 expansion target.

The trading profits were struck after depreciation of £1.9m (£1.23m), directors emoluments of £137,000 (£111,000), staff pension schemes of £838,000 (£732,000) auditors fees and expenses of £47,000 (£35,000). There was a decrease in the provision for unmatured profit on credit trading of £1.04m (£514,000).

Tax took £670,000 (£720,000) leaving net profits of £3.78m (£3.77m). Current cost adjustments reduce taxable profits to £2.75m (£2.52m).

● comment

Heavy spending on freehold properties and rental equipment has significantly depleted Curry's cash reserves and interest receivable has almost been halved. The depreciation charge has risen sharply and, against a dull trading background, Currys has done well to maintain pre-tax profits at the interim stage. Gross margins have been held on the retail side but price inflation remains very weak and Currys will need to push up volume considerably in the final quarter if profits are to be maintained for the full year. The company should still have a small cash surplus at the end of the year and the slackness in credit business will proudce a lower provision for deferred profits, so pre-tax profits of around £12m, excluding exceptional items, look on the cards. The shares fell 4p to 156p, yesterday for a yield of 4.1 per cent. On a prospective multiple of almost 13 times fully taxed earnings, they are still looking some way ahead.

Airsprung profits leap midway

CONTINUING THE recovery made in the second half of last year, taxable profits of Airsprung Group leapt from £25,643 to £314,201 in the first half of 1981, and the interim dividend is being doubled from 1p to 2p net. For 1980 a total 3.3p was paid on profits of £561,105.

Commenting on the midterm results, Mr J. G. Yates, chairman, says they give evidence to the *value of building the group's* market position on a wide spread of retail outlets. He points out that the success of the board's policy of maintaining a strong liquid position is reflected in the reduction of interest charged from £88,911 to £24,781.

Turnover for the six months fell from £7.06m to £6.43m, but trading profits pushed ahead from £108,062 to £350,097. Share of associated amounted to £3,885 (£6,492) and tax took £118,272 (£30,000), for earnings of 3.4p per 10p share.

After minority profits of £329 (£1,417 loss) the attributable profits came through at £195,600 (£2,940 deficit). The estimated cost of dividends after waivers is £57,159 (£28,650).

In his annual report Mr Yates referred to the Ther-a-Pedic project, which is aimed at giving the group a range of up-market beds and allied products. He now reports the project is ahead of schedule and that selling has commenced. It is too early to make a firm prediction of the financial result of this project for the current year, he states, but costs for the first six months have been included in the interim results.

Trading conditions in the building industry have deteriorated and these circumstances, coupled with completion of the group's current building programme, have led the directors to decide that the company's construction subsidiary should cease trading. The costs of closure will be treated as an exceptional item in the annual accounts. The interim results do not include trading by this subsidiary and the comparative figures for 1980 have been adjusted to the same basis.

Of the current half year, the chairman reports that trading conditions remain erratic. However, the group is in a good position to take advantage of any improvement in the economy, he adds.

The company's shares are dealt in the over-the-counter market made by M. J. H. Nightingale and Co.

S. Lyles 'satisfactory' rise

A RISE in pre-tax profits was shown by S. Lyles, carpet yarn spinner and dyer, from £592,352 to £637,695 on turnover slightly down from £12.97m to £11.59m for the year to June 30 1981.

"I consider the results are most satisfactory," says Mr John Lyles, chairman, "particularly when seen against the background of general trading conditions."

He views trading with sufficient confidence to recommend increasing the final dividend from 3.5p to 4.25p. This brings the total to 6.25p (5.5p). Adjusted earnings per 20p ordinary share are given as 10.61p (6.67p).

Although turnover is down for the year, it has improved over the previous six months. This is mainly due to a recovery in the volume of exports, which should be further helped by the more realistic value of sterling.

The home market turnover was down at £4.36m (£5.37m) because of lower yarn prices, which were affected by lower commodity prices and difficult trading. The volume of yarn sold was similar to that of a year ago.

Over the last two years, says Mr Lyles, considerable effort has gone into reducing stocks, and bank borrowings have been cut. Interest costs have fallen from £171,042 to £73,143.

Taxation is down from a debit of £10,300 to a credit of £50,868. This includes £283,300 released from stock relief provisions. The earnings per share have been adjusted accordingly.

Retained profits emerged higher at £451,619 (£42,347).

Scott Lithgow compensation

Compensation under the Aircraft and Shipbuilding Industries Act 1977 has now been determined by arbitration for the unlisted securities of Scott Lithgow Drydocks, the Department of Industry announced yesterday.

The total compensation is £3.5m. Payments on account totalling £450,000 towards this total were made during 1978.

Beckman profit rises

ALTHOUGH turnover of textile company A. Beckman dipped from £13.68m to £12.95m, taxable profits improved to £1.08m for the year ended June 30 1981, compared with £857,000 previously. At halfway the surplus was £694,949 against £626,653.

The dividend is maintained at 5.73p net per 10p share with a same-again final payment of 3.78p.

There was a tax credit of £892,000 (£503,000 charge)—including £891,000 (nil) written back in respect of stock relief—after which earnings per share are shown at 19.1p against 4.4p.

After the dividend cost of £584,000 (same) there was a £1.36m balance (£130,000 deficit).

To counteract the cyclical nature of the textile merchanting business the directors decided to include property investment in the company's activities, and two industrial properties were purchased, one in Bognor Regis for £1.78m and the other in Livingston, Scotland, for £480,000.

These are let and currently produce rentals of £131,760 and £37,835 respectively.

The company has also agreed to acquire another industrial property at Runcorn, which will cost about £360,000 and initially be let at a rental of £36,520 per annum.

On a CCA basis pre-tax figure is reduced to £828,000 and earnings per share 17.8p.

South Crofty postpones legal action

The directors of South Crofty the Cornish tin mine group controlled by Mr Jim Raper yesterday decided to postpone a decision whether to take legal action against the Stock Exchange over the suspension of the company's share quotation.

The board meeting, the first since Mr Raper was elected a director as a result of a poll following the annual meeting last month, was held at the mine and afterwards the controversial financier said: "The decision over the issuing of a writ has been deferred pending further legal inquiries."

He was not, he said, in a position to say when the decision would be taken, but expected that it would be within a matter of a few weeks, with the present inclination of the board directed towards taking legal action.

SPAIN

October 9	Price %	+ or —
Banco Bilbao	[illegible]	[illegible]
Banco Central	342	+7
Banco Exterior	325	+10
Banco Hispano	220	+9
Banco Ind. Cat.	118	
Banco Santander	392	+7
Banco Urquijo	245	+8
Banco Vizcaya	381	+6
Banco Zaragoza	235	
Dragados	118	+13
Espanola Zinc	92	+2
Fecsa	69.2	+0.5
Gal. Preciados	51.5	+5
Hidrola	76.5	+1.5
Iberduero	72	
Petroleos	110.2	
Petroliber	33	
Sogefisa	94	
Telefonica	54.7	-0.7
Union Elect.	74	+1

THE TRING HALL USM INDEX

113.2 (+0.8)

at close of business 12/10/81

BASE RATE 10/11/80 100

Tel: 01-248 5675

CORAL INDEX

Close 487-492 (-7)

OIL INDEX

December Refined $43.35

January Refined $43.65

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Glaxo		7.5	Jan. 4	6	11.25	9.5
A. Beckman		3.78	Jan 6	3.78	5.73	5.73
Albert Martin	int.	0.1	Dec 3	nil	—	nil
Currys	int.	0.75	Dec. 1	0.75*	—	4.5*
Airsprung	int.	2	Oct 30	1	—	3.3
Edinburgh Invstmt.	int.	0.95	Dec. 4	0.84*	—	1.96*
R. Green Props.		1.8	Jan. 7	1.5	2.5	2.2
London Scottish		1.75	—	1.5	2.33	2.03
S. Lyles		4.25	Jan 4	3.5	6.25	5.5
Jefferson Smurfit	int.	1.41†	—	1.41*	—	4.63*

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total of not less than 2.16p forecast.

UK COMPANY NEWS

Growth for London Scottish

Second half pre-tax profits of London Scottish Finance Corporation expanded from £478,410 to £629,403 and pushed the figure for the year ended July 28 1981 ahead to £1.04m, against £829,010, a rise of 25 per cent.

And from undiluted earnings of 6.6p (5.5p) per 10p share, the dividend is stepped up to 2.33p (2.03p) net with a final of 1.73p.

The directors state that the first eight weeks trading of 1981-82 has been encouraging, but they feel it is too early to say how present high interest rates will affect the year's results.

Turnover of this banking, consumer credit and debt collection concern increased from £6.97m to £7.85m and the pre-tax figure was struck after finance costs of £1.03m (£1.06m).

After tax, £288,715 (£243,525) and an extraordinary debit of £9,599 last time, the attributable balance came through at £747,188, compared with £595,084.

Dividends will absorb £275,238 (£214,338) the retained profit was £471,950 (£380,746).

First half rise of 14% at Jefferson Smurfit

FOR THE six months ended July 31, 1981, taxable profits of Jefferson Smurfit Group, Dublin-based paper, printing and packaging concern, increased by 14 per cent from I£9.44m to I£10.77m, on turnover ahead to £245.6m, against £202.64m, and Mr M. W. J. Smurfit, chairman, says the outcome for the full year should reflect steady progress.

Pre-tax figures for the whole of the previous year amounted to £17.41m on sales of £401.43m.

First-half earnings per 25p share are up from 7.1p to 10.7p, the main reason for the improvement being the increase from 51 per cent to 80 per cent in the holding in Alton Packaging Corporation of the U.S.

On capital increased by the rights issue the interim dividend is effectively unchanged at 1.406p net—there was a one-for-one scrip in August—last year's final payment being an adjusted 3.219p.

A geographical analysis of profits, before interest, of £12.86m (£11.96m) and sales, shows (in £000): Republic of Ireland 41,030 (38,574) and 4,285 (2,710); UK 72,715 (66,777) and 1,386 (1,630); U.S. 125,368 (95,317) and 7,156 (6,963); Australia 1,391 (1,016) and 124 (114); Nigeria 69 loss (341 profit); sales of other territories 5,140 (952).

Pre-tax figure included associates share of £318,000 (£564,000) and was struck after interest charges of £2.1m (£2.52m).

Mr Smurfit says that major factors in the improvement in Ireland, with profits up by 57 per cent, were the elimination of considerable redundancy payments which appeared in the previous period, the recovery of some major loss situations, and good export performances which were helped by the weak punt.

The Dublin paper mill came into "respectable profitability," folding cartons, primarily through its exports efforts, showed a good result but there was a continued decline in the agricultural sector, which the packaging businesses serve. The chairman says there was some profit recovery in paper sacks after pruning the cost base heavily.

He adds that publishing did well but print suffered from a margin squeeze.

Nearly 500 people lost their jobs during the year, reflecting the group's drive towards remaining cost competitive. It included several plant closures.

The packaging and paper making sector of the UK "is in very poor health indeed" the chairman explains. Profitability throughout is weak and he says the group's return of 2 per cent on sales is quite unacceptable. Corrugated was the worst affected with volume well down, prices weak and costs suffering because of the collapse of sterling.

He adds that two plants were closed in the flexible packaging industry, and that the short-term future of the UK interests is one of survival rather than immediate profit gain.

Earnings from the U.S continue to be the major force of profit for the group—57 per cent of the pre-interest total—with sound gains in the papertube business and in folding cartons. Corrugated business fell back considerably in the first half, but the trend in the second quarter was more encouraging, Mr Smurfit says.

"Overall the performance in the U.S. has been sound and demand for converted products remained buoyant."

The group has taken a 70 per cent interest in Clearprint, of Melbourne, Australia, a specialty print concern. The existing company, Mistral Plastics, performed well in the six months.

The chairman adds that the Nigerian company is suffering seriously with the major decline in oil revenues, and with a significant increase in competitive activity, it incurred a small loss.

Helped by the rights issue, the group's balance sheet is strong, the chairman states; borrowings net of cash as at July 31 amounted to 24 per cent of shareholders' funds.

"We are now putting in place an attractive Eurodollar long-term loan which will enable us to invest with confidence over the next several years."

After first half tax of £2.88m (£2.55m), minorities £1.76m (£2.96m) and an extraordinary debit of £1.11m (£240,000 credit), the attributable profit came out at £5.02m against £4.18m.

● comment

A dramatic improvement in Jefferson Smurfit's earnings — easily outweighing the rights issue dilution — has been achieved largely by means of a three-fifths reduction in the Alton minority holding (now to be bought out entirely). The saving was worth IR£1.2m to Smurfit, compared with the first half of 1980; had there still been a 49 per cent minority this year, earnings per share would have been almost static. U.S. trading, which now figures so prominently in the group results, was actually a bit disappointing after last year's progress. Appreciation of the dollar in the intervening 12 months enabled Alton to show a modest IR£ advance at the interim. In U.S.$ terms it will be doing well to hold its own by the year-end, after falling adrift in the first half. Alton has nonetheless done better than Smurfit's interests in the stricken U.K packaging market, where pre-interest profits fell by a further 24 per cent. Ireland has proved the brightest spot; last year's loss-elimination plans have worked well, and exports increased as the punt slipped. Up 6p to 82p, the shares yield a prospective 7 per cent to UK holders.

A. Martin incurs £0.23m loss

IN THE six months to June 30 1981, clothing manufacturer Albert Martin Holdings reduced its first half losses from £425,000 to £239,000 against second half losses in 1980 of £433,000. Turnover slipped marginally from £12.89m to £12.55m.

The interim dividend is set at 0.1p (nil) net per 20p share to retain the company's trustee status. There was no final payment for 1980.

The directors say the group has benefited from the restructuring programme undertaken in 1980, but in view of continuing pressure on margins and high interest rates it has been necessary this year to review all company's trading activities.

Their policy is to reduce borrowing in 1982 and to cut back investment in areas which are not profitable and show no potential of being so in the future.

It is not easy to forecast the remainder of the year but the group should continue to make progress in the return to profitability, the directors say.

Tax for the six months took £40,000 (£29,000).

● comment

The snipping and cutting at Albert Martin continues, but if the company emerges from the red, it will not be until late 1982 or possibly '83. On top of last year's £194,000 reorganisation costs, the company will take £350,000 below the line this year for further restructuring. Interest charges rose by 12 per cent in the half-year to £389,000 and continue to wipe out the small trading profit the company ekes out from its customers. These include Marks and Spencer, but the chain now accounts for just a third of the group's output. Albert Martin's attributable loss for the full year could reach £0.9m, after £1.2m last year. With shareholders' funds likely to slip below £6m by the year's end, the pressure to reduce the borrowings—still at more than £4.1m — will be intense. The slimmed-down company hopes to write some £1m out of working capital next year and another £0.3m out of property disposals. In the meantime, Hong Kong is providing some comfort with profit margins of more than 20 per cent and contributions of some £320,000 expected this year. The shares, up 1p to 24p yesterday, indicate a market capitalisation of £1.5m and are backed by net tangible assets of 103.5p each.

TRUST PAYMENTS

The liquidators of Carliol Investment Trust and Tyneside Investment Trust propose to make the final distribution on October 28.

130 companies wound up

Compulsory winding up orders against 130 companies were made by Mr Justice Vinelott in the High Court yesterday. They were:

Tilcart, Rubber Floor Products, Marine Construction (UK), Atlas Fitted Furniture, Ral Darbar, M.T.R. Inspection Services, Antongrade, Billson and Grant (Lifting Gear), Globec, Cardiff Meat Suppliers, Millhouse Poultry.

Matthew Brown (Shopfitters), Brittains Converters, K. A. Print (Building Contractors), Imperial Builders, Bletchington Builders, The Mobile Home Residents Association, Traveway Wines, E. C. Clark (Plumbing and Heating).

O.H.S. Photo-Sound, Anglia Ceilings, Atlas Pallets, Furey and Evans, Sleewain, J. and M. Bartle, N. and P. Freedman, Plex (Engineering), Olivewitch, Sun Garage (Kingsdown).

Brackmeade Builders, A.P.S. (Transport), Quizcroft, Trojan Graphics, Peregrine Publishing Company, Minpart, Shoreditch Building Merchants Suppliers, Deanbill.

Contra Management Services (UK), Routegreen, Cavendish Publicity Service, Abel Travel Services, Rovohurst, Shiffers, Eagle Star Fashions, D. V. and M. Meats.

H.C. Contractors (Oxford), Roofing Renovations and Lining Company, Bulltown, Tussockbest, Metalex Chemicals, Eastern Lake Shipping Company, S.A. Clonmult Contractors, Nicholl Grove Advertising and Design, Bonney.

R.K. Services (Wolverhampton), Projectworth, West One Catering Management, S.R. Solar Heat, Welwise Installations, Sams Clubs, Yesteryear, David Martin Products.

Hythetone, Carpets and Fabrics, Flair Screen Print, Anglia Handling Services, Gainford, K.P.M. Scaffolding Specialists, Scandyna (UK), George Gordon (Surrey).

Nishaid, E. Van Praagh and Son, Hurlberry, Logcourt, N.G.C. Export (UK), Via Nova International, Hill Mill, Tracey's (Photographic), S. M. Lammas and Co.

Ashfield Precision, Nutona, Capital Scaffolding, S. Kearns, Caterola, A. W. Barnard, Magnum Express, Merlin Electrical.

Abba International Trading Company (London), Anglo Swedish Properties, Magic Records, Vermeulen (UK), Kilimanjaro Publishing, Morris Rubinstein International (UK), Vector Computer Systems, Donngrand.

Jetbond Marketing, Cylinder Forming, Shamon Airfreight, Gavinteam, B. Caplan Building Projects (UK), BJR Air-conditioning and Refrigeration Services, Midley Reproductions, Southern International Air-transport, Bondplace.

Grosvenor Court Hotel (Margate), Cardinder (Hull), Gerb Exports, Midland Brick and Stonecraft, J. and P Wardrobes, Worthdale, Fonfir (Engineers), Whalecroft.

Aldercombe, Stadwain Building, Beatreel, Raven Express Deliveries, AR Jetmaster Machinery, Brystone Concrete, Boss Colour.

Spearhead Energy Conservation, Deb Music Production, Quarry Records, Texas Double Glazing, Greater Wapping Wine Company, South West Vending, Sherwood St John.

Unit Promotions, South Eastern Plumbing and Heating Company, Newlyne Partitions (Midlands), Budforth Livestocks, Modern Formwork and Steelfixing (Southern).

Dunton Gp. moves up to £85,000

FURTHER GROWTH is predicted in the current year for Dunton Group on figures which show pre-tax profits rising from £49,945 to £85,321, for the year ending May 31, 1981. Turnover fell from £1.24m to £980,297.

The figures indicate a 71 per cent rise in profits by Bulk Earthmoving and Dunton Bros, the group's only trading subsidiaries.

The directors will recommend the payment of a dividend for the year to May 31, 1982, for this civil engineer, developer and brick manufacturer, should the anticipated growth be achieved. Due to adverse balances on revenue reserves of Kondagolle Estate Company of Ceylon at March 1980, the company is precluded from making a dividend payment for 1981.

In the year under review the activities of the company as given in the circular of January 12, 1981, were radically transformed, say the directors. In January 1981 Bulk Earthmoving and Eastgrange were bought and the name of the parent company changed to Dunton Group.

Figures for the two subsidiaries show turnover of £449,303 (nil) and group profit after tax of £30,082 (loss £1,253).

The group is traded on the USM.

Results of Sears subsidiaries

In the six months to July 31, 1981, pre-tax profits of British Shoe Corporation, a subsidiary of Sears Holdings, fell from £29.63m to £26.95m.

For the period, trading profits totalled £22.48m (£25.47m), interest added £2.78m (£1.99m) and non-trading items £1.69m (£2.16m). Tax took £12.5m (£14m).

Another Sears Holdings subsidiary, Sears Engineering Holdings, reported a £2.07m (£5.1m) pre-tax loss. The trading loss was £31,000 (£526,000) and the non-trading deficit £900,000 (£16,000 profit). Interest took £1.13m (£4.59m), with £1.12m being waived this time on borrowings from a fellow subsidiary. Tax credits amounted to £1.75m (£2.4m).

Liquidation for Asahi Synthetic

Asahi Synthetic Fibres, the Dublin-based loss making joint subsidiary of Asahi Chemical Industry Company of Osaka, Japan and the Irish Industrial Development Authority (IDA), has been liquidated, the Kyodo News Service in Tokyo has reported.

A new subsidiary called Asahi Synthetic Fibres 1981 has already been established to continue acrylic fibre production on a more profitable basis, the agency said. The new company has taken over the assets of the old one, and is 85 per cent owned by the Japanese company and 15 per cent by the IDA.

The original subsidiary ran at a loss since it was formed in 1974 by Asahi, the IDA, C. Itoh and Company—a major Japanese trading company—and a Hong Kong subsidiary of Toray Industries Inc., another leading Japanese textile maker.

The Kyodo report could not be confirmed due to the weekend holiday.

AUTHORITY INVS.

Pre-tax profits of Authority Investments, banking, property and investment concern, slumped from £132,441 to £6,398 for the half year ended March 31 1981. Trading turnover was also well down at £1.35m, against £2.17m.

There was no profit from the sale of investments this time included in the pre-tax figure, compared with £71,804 previously.

After tax of £35,051 (£3,731) there was a loss of £28,653, against a £128,710 surplus.

No dividend has been paid since a 0.1p nominal in 1975.

APPOINTMENTS

Senior EMI Films executive

Mr Brian North has been appointed managing director of EMI FILMS. Before joining the company he was with the Burton Group for eight years as finance director and subsequently deputy managing director. He has also held positions with BSR, UG Glass Containers and Judge International.

Announcing the new appointment yesterday, Mr Barry Spikings, chairman and chief executive of EMI Films, said: "With the intensification of production both in this country and America and since I will divide my time between Britain and America, it is essential that the company's London headquarters have an executive in overall control of our operations."

Mr Christopher Burnett has been appointed to the board of WHITECROFT. He remains chief executive of the group's building and engineering supplies division.

Mr Peter Woodward has been appointed to the board of INTASUN LEISURE GROUP as financial director. He continues as company secretary.

Mr R. F. Huddie has been appointed managing director of CARBOLITE FURNACES, and also joins the board of the parent company, BAMFORD HALL HOLDINGS.

Mr Michael Turner will succeed Mr Peter Allsop as chief executive of ASSOCIATED BOOK PUBLISHERS from January 1. Mr Allsop will remain chairman.

Mr Anthony Fuller, managing director of FULLER SMITH AND TURNER, is to take over the additional position of chairman from January 1. He succeeds Major Lewis Turner, who retires at the end of this year but will become the non-executive president of the board, replacing Mr Edward Fuller.

Mr J. L. Boyer and Mr R. G. Gorell Barnes have been appointed directors of ANGLO-AMERICAN SECURITIES CORPORATION and of NORTH ATLANTIC SECURITIES CORPORATION. Mr Boyer is chairman of Antony Gibbs Holdings. Mr Gorell Barnes is a director of Morgan Grenfell and Co and head of its investment division.

Mr Roger Graham has been elected president of the COMPUTING SERVICES ASSOCIATION. Mr John Ockenden has become vice-president and Mr Jim Donaldson treasurer. Mr Jim Feeney, Mr David Stern and Mr Colin Southgate have joined the council.

OVERSEAS

Mr J. D. S. Stark is to succeed Mr J. R. Hayter as managing director of BESTOBELL AUSTRALIA and as business group manager of the Bestobell Australia Region from January 1 1982. Mr Stark has been appointed a director of the Australian company, and Mr Hayter remains a director. Mr P. R. Ward-Lee succeeds Mr Stark as business group manager of Bestobell's energy engineering group in the UK.

Sir Gordon Freeth previously Australian High Commissioner to London, has been appointed chairman of AUSTRALIAN CONSOLIDATED MINERALS. He succeeds Mr Richard Burt, who has been chairman since the company was formed in 1969. Mr Burt will retain a seat on the board. Mr H. S. Dempsey, deputy chairman, Mr D. L. Davenport and Mr J. P. Du Cane have joined the ACM board.

Mr Mal James, general manager of the MARCONI SPACE AND DEFENCE SYSTEMS unit at Hillend in Scotland, has been appointed production director of the company and will move to Portsmouth later in the year. He is succeeded by Mr Daniel Gruneberg, Hillend deputy general manager.

Mr John O'Carroll has been appointed a director of TULLETT AND RILEY (FINANCIAL SERVICES) COMPANY, a subsidiary of Tullett and Riley International.

Berisford Mocatta and Co. has formed BERISFORD MOCATTA (REINSURANCE). The directors are Mr F. D. A. Mocatta (managing), Mr E. M. Mandall, Mr T. Street, Mr D. A. Mocatta. Assistant director is Mr T. A. R. Gould.

Mr Tom Hett and Mr Ian Stewart have been appointed to the board of HANSON INDUSTRIAL SERVICES, the Hanson Trust subsidiary.

Mr George Warwicker has been appointed managing director of ALPINE DREAMLINE, in succession to Mr Z. Ziv who has resigned.

Jenks buys tool maker at £0.6m

Jenks and Cattell, the Wolverhampton based manufacturer of garden tools, is acquiring Burgon and Ball, one of Sheffield's oldest tool manufacturers.

Under an agreed cash deal valuing Burgon at £600,000, Jenks is offering £3.25 for each Burgon ordinary and preferred ordinary share and 75p cash for each preference share.

Burgon—which has been in existence for over 250 years—sells its products principally to major retailers while Jenks sells to large wholesalers. The merger will extend the product range of the two companies in their respective markets.

The directors of Burgon and certain other shareholders have given irrevocable undertakings to accept the offer in respect of 53 per cent of the ordinary shares, 77 per cent of the preferred shares and 59 per cent of the preference shares.

Pre-tax profits of Burgon dropped from £86,000 to £1,000 in the year ended September 30 1980, on turnover of £2.14m (£1.96m). In the six months ended January 31 1981 Jenks showed a loss before tax of £455,000, compared with a profit of £140,000. In the 1979-80 year profits amounted to £308,000.

WHITWORTH ELECT. ACQUISITION

Whitworth Electric Company, the wholly owned subsidiary of WHITWORTH ELECTRIC (HOLDINGS), is to acquire C. Spencer Electric Company. Under a separate contract it will purchase the premises occupied by Spencer.

At February 28 the net tangible assets of Spencer were £257,000, with pre-tax profits for the year ended on that date at £67,922.

The property is being bought for £45,000 cash. The sum to be paid for the share capital will equal the net tangible assets of Spencer as at September 30 1981. Of this, £200,000 is to be paid on completion.

HANSON TR/BEREC

The battle of words between Hanson Trust and Berec continued yesterday as Sir James Hanson sent out a strongly worded rebuttal of the Berec's board's claim that Hanson's offer document got the facts wrong.

"Hanson got the facts straight," declared Sir James.

Thames Inv. completes but changes terms

Thames Investment and Securities has completed the purchase of industrial property from Allied Plant Group but, in view of the current level of interest rates and market conditions, some changes have had to be made.

The final arrangement was:

1—Part of the consideration which was to have been satisfied by the issue of shares has been. Accordingly 200,000 ordinary shares have been issued to Allied Plant at £2.50 each.

2—The 10 per cent convertible unsecured loan stock has not been issued. Thames has issued to Allied Plant a loan note for £200,000 repayable at the end of 1983, with a conversion right in the meantime at a rate of £2 for each ordinary share of Thames.

3—Thames paid £1.05m cash on completion and has to pay a further £300,000 on October 31.

4—The sale of the Pocklington shares to Allied Plant at £150,000 proceeded as contracted.

5—£860,000 of the cash consideration was recovered by the sale of the factory site at Scarborough together with a small strip of adjoining land.

Thames' transaction with Beverley Hills Savings and Loan Association has also been completed.

BH has duly subscribed £1,668,705 ($3m) cash for 667,482 ordinary shares in Thames at £2.50 per share.

Thames has formed a wholly-owned subsidiary, Thames California Inc. in which an initial investment of $3m has been made.

With the completion of these transactions and the enlarged capital base the directors of Thames consider that the company has emerged "much stronger and well placed to continue its forward progress."

Argyll lifts Linfood stake to 21.65%

Argyll Foods has acquired a further 500,000 shares at 170p per share in Linfood Holdings in pursuit of the £87m offer launched at the end of last week for the Gateway supermarkets and Carrefour hypermarket group.

The shares were acquired last Friday and, added to the 20.5 per cent holding purchased from Guinness Peat last month, the bidder now controls 21.65 per cent of Linfood's equity. The cash bid, which Argyll is offering as an alternative to its underwritten share terms, is worth 170.9p per share.

Shares in Argyll were unchanged yesterday at 86p per share, while Linfood shed 1p to 171p per share.

CLUFF OIL ISSUE

Cluff Oil has issued 42,895 ordinary shares of £1 in exchange for 42,895 CCP North Sea Associates ordinary shares of 25p.

Following this allotment Cluff Oil's issued capital is £11.49m, made up of 10.23m ordinary and 656,803 convertible "A" shares. Its interest in CCP North Sea Associates is 2.35m ordinary shares, being 29.99 per cent of the capital.

Cluff Oil says the Stock Exchange Council has granted permission for these shares to be dealt in the USM. No application has been made for them to be admitted to listing.

ASSOCIATES DEALS

De Zoete and Bevan on Thursday bought on behalf of Alexander and Alexander Services 550,000 Alexander Howden shares between 135½p and 138p.

Capel-Cure Myers, brokers to Bardsey, on Thursday bought 38,070 RCF shares at 24p on behalf of London and European Assets, a subsidiary of Bardsey.

LESSER/VANTONA

The Lesser Group has disposed of the Jeltek Protective Clothing Manufacturing Company to the Vantona Group.

Mr Cyril Lesser, its founder, said: "We are delighted that our modest success in an activity quite outside our mainstream of property, design, construction and system building can look forward to an even better future within a large and respected textile company like Vantona."

The management and workforce of Jeltek at Halbeath in Scotland are to remain fully employed.

G.T. to hold Warren stake

G. T. Management, which has recently built up a near 15 per cent stake in Warren Plantation Holdings, the tea producer in which McLeod Russel has gained a controlling interest, said yesterday that it "will resist the bid made by McLeod which we believe is from an inadequate base."

McLeod's bid which has placed a value of £25.31m on Warren, has been made as a cash and convertible share offer and is said to be worth 240.5p per Warren share.

G.T. Management has questioned the method by which McLeod gained swift control of Warren—through a dawn raid and the receipt of irrevocable undertakings from a few crucial shareholders "before major shareholders have had an opportunity to consider the rights and wrongs of the case."

G.T. Management has questioned whether the terms of the bid are reasonable.

It said yesterday that the bid was "not in the best interests of the balance of shareholders in Warren nor of the twenty thousand employees of Warren. We hope other large minority shareholders will stand with us."

M and G, which holds 6.8 per cent in Warren, and Drayton Montagu, which holds around 7 per cent of the equity are reserving their positions until they see the offer document from McLeod.

GESTETNER

Mr J. A. Barnett, director, as trustee of Sigmund Gestetner's settlement, has disposed of 100,000 "A" ordinary capital shares of Gestetner Holdings, and not 1m shares as incorrectly stated in last Friday's Financial Times.

PYKE PURCHASE

For a consideration of £425,000 cash and the issue of 500,000 new shares, Pyke (Holdings) has conditionally agreed to purchase G. W. Biggs (Harrow), a privately owned wholesaling butcher which is a major supplier for the fast food sector.

The shares to be issued will not rank for any dividend in respect of any accounting period ending on or before June 30, 1981.

Audited consolidated accounts of Biggs for the year ended September 26, 1980, showed pre-tax profits of £51,478 and net tangible assets totalling £553,601. Net tangible assets included three properties at a net book value of £435,000. Since that date these properties have been valued on an open market basis at £265,000.

Alexander Howden

Alexander Howden—De Zoete and Bevan, who are acting for Alexander and Alexander Services, bought 50,000 shares on Friday at 136p, and 125,000 at 135p, on behalf of Alexander.

HOLLIS ESA

Epicure Holdings, the construction industry services and hotel group, yesterday disclosed a 5.02 per cent stake in Hollis Bros and E.S.A., the troubled timber, furniture and educational equipment manufacturer.

Earlier this year Industrial Equity (Pacific) built up a stake in Hollis of 19.8 per cent.

In July Hollis announced a loss of £4.8m for the year ended March 31, 1981, compared with a profit of £829,000.

Hollis shares fell 2p to 29 yesterday.

RE-CHEM INT.

Re-Chem International — a wholly owned subsidiary of British Electric Traction Company—has reached agreement in principle with Tenneco Organics — a subsidiary of Tenneco Chemicals Inc. — to acquire the business and assets of Tenneco's waste oil recovery business at Avonmouth for £1m cash.

PENTLAND/HEARTS

Following Mr Wallace Mercer's successful bid through his company, Pentland Securities, for shares in Heart of Midlothian Football Club, Pentland's offer to the other shareholders has brought in acceptances in respect of 14,229 ordinary 10p shares. Pentland owned 265,000 Hearts shares prior to July 7.

Serck goes for BTR offer

The directors of Serck have unanimously agreed to recommend the offer to be made by BTR on the terms previously announced. This follows discussions between the directors of both companies concerning the intentions of BTR with regard to the future of Serck and its employees.

On September 21 BTR announced it had purchased 4.7m ordinary shares of Serck at 60p per 25p share. These, together with 150,000 already owned by BTR, represented approximately 11.4 per cent of Serck capital. Two days earlier, BTR secured an option to purchase 12.65m shares of Serck held by Rockwell International Holdings and Rockwell UK at 60p per share at any time up to and including September 26.

BTR exercised this option to take its holding to 41.1 per cent. On September 29, BTR's holding amounted to 21.28m shares, representing just over 50 per cent and the offer became unconditional.

A circular containing the recommended offer will be sent to Serck shareholders in the near future.

Lewston Int.

The liquidators report of Lewston International — the property developer in creditors voluntary liquidation—for the period from June 2 1975 to June 1 1981 shows a balance in hand of £88,579 of which £87,995 is deposited in the insolvency account with the Bank of England.

A claim by the Inland Revenue for corporation tax has still not been agreed, while the previous estimate of the likely return to the unsecured creditors remains unchanged at between nil and 1p in the pound.

ASSOC. BISCUIT

From today, Associated Biscuit Manufacturers will change its name to Huntley and Palmer Foods.

The operating subsidiaries — Associated Biscuits, Associated Biscuits (Europe) and Associated Biscuits (International)—will keep their existing titles.

MIDLAND BANK

MIDLAND BANK is converting its Canadian financial services operation into a fully-fledged bank which will be known as Midland Bank Canada. Barclays Bank has already converted its Canadian operation into a bank, and the moves follow the revision of Canada's Bank Act.

Midland Bank Canada will have an issued share capital of C$15.25m and will be able to accept deposits from Canadian residents. It will be headquartered in Toronto with branches in Edmonton and Vancouver. Further branches will be opened shortly.

SHARE STAKES

Tor Investment Trust—The Public Trustee Account FCI (Funds in Court Capital Fund) has sold 115,000 capital shares (4.58 per cent) leaving holding 50,000 (1.99 per cent).

Coalite Group—Norwich Union Insurance Group holds 5,185,082 ordinary shares (6.030 per cent).

Arbuthnot Latham Holdings—Following exercise of conversion rights applicable to its holding of £250,000 of 9 per cent convertible unsecured loan stock 1986, London Trust has increased its holding of fully paid ordinary shares to 1,037,500 (13.2 per cent). This increase took effect prior to the announcement of proposals by Dow Scandia Banking.

Oil and Gas Production—Merchant Navy Officers Pension Fund is now the beneficial owner of 3,002,500 ordinary (7.15 per cent).

Ailsa Investment Trust—Following completion of reorganisation of the capital structure, Cornhill Insurance now holds 7.45m ordinary shares (14.53 per cent).

D. M. Lancaster—V. Cobb, director, has bought 12,500 shares at 17½p making holding 32,500 (0.26 per cent). J. Goldring, director, has bought 50,000 shares at 16p making holding 550,000 shares (4.46 per cent).

Stroud Riley Drummond—Mrs S. M. Simmonds, wife of the chief executive, has acquired 15,853 ordinary shares making holding 29.19 per cent.

Municipal Properties—Western Heritable Investment has increased its holding to 33,850 ordinary shares (6.99 per cent).

Equitable Life Assurance has reduced its holding from 41,000 to 35,500 shares (7.96 per cent).

City of London Brewery and Investment Trust—Pearl Assurance holds 2,575,000 deferred shares (5.3 per cent).

Glasgow Pavilion — Hill Woolgar and Company holds 20,060 shares, making a holding of 130,441 shares (10.86 per cent).

Moran Tea Holdings—Arthur Batchfield Group holds 18,200 ordinary shares 5.2 per cent).

LONDON TRADED OPTIONS

Oct. 9. Total Contracts 2,430. Calls 1,891. Puts 539

Option	Exercise price	Oct Closing offer	Vol.	Jan. Closing offer	Vol	April Closing offer	Vol.	Equity close
BP (c)	280	15	55	36	11	44	1	292p
BP (c)	300	6	47	24	9	34	6	"
BP (c)	320	2	52	15	3		–	"
BP (c)	350	½	–	8	10			"
BP (p)	240	1		3	1	5	3	"
BP (p)	260	2		8	3	10	1	"
BP (p)	300	14	90	26	10	32	2	"
BP (p)	320	28	5	76				"
CU (c)	140	4	–	14	28	21		158p
CU (c)	160	2	2	6	6	12	10	"
Cons. Gld (c)	420	85		102	1	113	–	505p
Cons. Gld (c)	460	45	11	70	2	88		"
Cons. Gld (c)	500	12	35	50	1	62	10	"
Cons. Gld (c)	550	1	–	20	15	37	4	"
Cons. Gld (p)	460	2	–	15	5	20		"
Court'lds (c)	50	6		10	31	12	2	54p
Court'lds (c)	60	1	2	4	2	6¼	–	"
Court'lds (c)	70	¼	–	2½	–	3	2	"
Court'lds (c)	80	¼	–	1¼	4		–	"
GEC (c)	650	40	26	82	–	112	–	687p
GEC (c)	700	10	11	45	26	77	–	"
GEC (c)	750	4	10	27	5	50	–	"
GEC (c)	800	1	–	14	2	30		"
Gr'd Met. (c)	160	13	–	24	4	30	4	170p
Gr'd Met. (c)	180	3	3	14	25	18	3	"
Gr'd Met. (c)	200	1	–	8		14	2	"
Gr'd Met. (p)	160	4	13	9	4	14	–	"
Gr'd Met. (p)	180	15	3	21		25	6	"
ICI (c)	240	30	41	27	12	38		266p
ICI (c)	280	3	27	18	5	23		"
ICI (c)	300	1	–	12	6	17	–	"
ICI (c)	330	½	–	5	2	–	–	"
ICI (p)	240	3	2	9	6	15	–	"
ICI (p)	260	7	21	15	–	20	–	"
ICI (p)	280	18	27	22	–	27	7	"
Land Sec. (c)	288	6		19	3	–	–	284p
Land Sec. (c)	312	4	2	9	5	–	–	"
Mks & Sp (c)	110	9	6	16	32	20	10	117p
Mks & Sp (c)	120	4	15	9½		14½	–	"
Mks & Sp (c)	130	½	–	5½	–	9½	2	"
Mks & Sp (c)	140	¼	–	2½	–	5½	5	"
Shell (c)	300	46	1	60		72		344p
Shell (c)	330	16	20	32	6	46		"
Shell (c)	360	4	10	19	1	28		"
Shell (p)	390	1		5	1	12	–	"
Shell (p)	360	20	55	26	10	30	1	"
Shell (p)	390	50	35	50		50	–	"
Shell (p)	420	80	–	78	10	80	–	"
		November		February		May		
Imperial (c)	60	3½	–	5½	3	6	4	61p
Lasmo (c)	460	47	11	85	–	97	–	494p
Lasmo (c)	500	30		54	5	67	–	"
Lasmo (c)	550	15	5	30	2	42	–	"
Lasmo (c)	600	7	1	20	3	30	4	"
Lonrho (c)	70	11	–	14	–	16		77p
Lonrho (c)	80	4	25	8½	11	10		"
Lonrho (c)	90	1½	–	4½	2	6	2	"
Lonrho (p)	80	6	–	8	–	10	5	"
Lonrho (p)	90	13		14	–	16	10	"
P & O (c)	110	2½	3	8	–	11½	–	102p
P & O (c)	130	½	–	2	25	–	–	"
Racal (c)	330	92		105	1	–	–	416p
Racal (c)	390	35	–	58	3	73	–	"
Racal (c)	420	17	6	38	–	53		"
Racal (c)	460	5	2	20	4	35	–	"
Racal (p)	360	6	23	18	–	35	5	"
Racal (p)	390	15	3	25	4	28	1	"
Racal (p)	420	27	7	37		38	2	"
Racal (p)	460	50	8	52	5	55	6	"
RTZ (c)	460	60	14	85	3	105	–	509p
RTZ (c)	500	35	7	60	8	80	–	"
RTZ (c)	550	20	2	35	7	55	6	"
RTZ (c)	600	10	–	24	2	37		"
RTZ (p)	460	12	–	20	10	24	–	"
RTZ (p)	550	57	–	60	2	62	–	"
Vaal Rfs. (c)	60	14	–	17½	5	19¼	–	$72
Vaal Rfs. (c)	70	6½	5	9½	–	11½	–	"
Vaal Rfs. (p)	70	4½	5	6½	–	7½	–	"

C=Call P=Put

Appointments

Mr Wolfgang Hesse, president of CPC Europe, has been elected to the board of CPC INTERNATIONAL INC., Englewood Cliffs, New Jersey.

★

Mr Anthony R. Leach has been elected vice-president—accounting of OCCIDENTAL PETROLEUM CORPORATION, Los Angeles.

★

The CHASE MANHATTAN BANK, NA, has appointed Dr Eberhard Weiershäuser as general manager for Germany. He succeeds Mr John D. Taylor who is returning to New York. Dr Weiershäuser joins Chase from Deutsche Bank.

★

Mr William S. Sneath is to retire as chairman of the board and chief executive officer of UNION CARBIDE CORPORATION, New York, on January 1. Mr Warren M. Anderson, now president and chief operating officer, will succeed him as chairman and chief executive and Mr Alec Flamm, presently a senior vice-president, will succeed Mr Anderson. Mr Robert D. Kennedy has been appointed a senior vice-president.

★

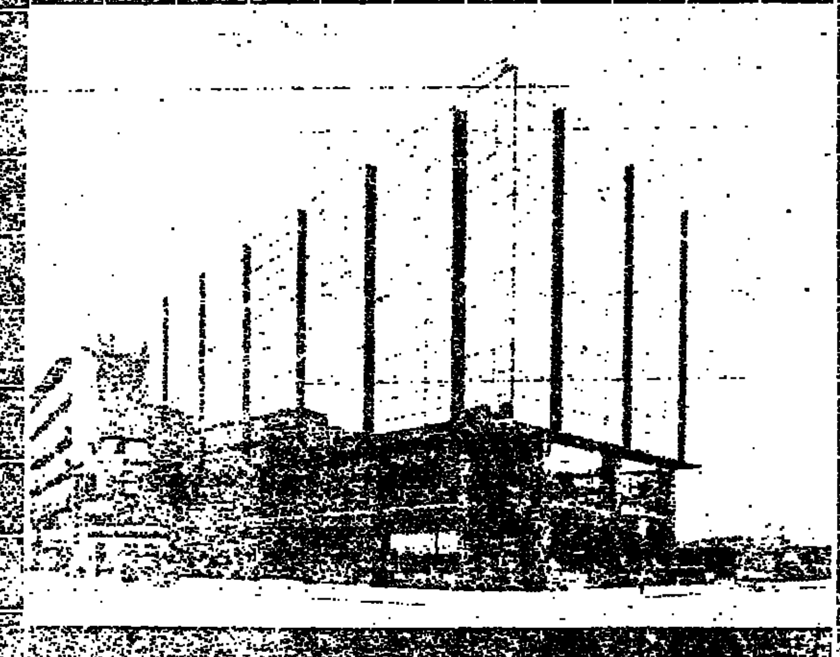
The National Bank of Australasia and The Commercial Banking Company of Sydney have merged and the following have been appointed to the board of the NATIONAL BANK: Sir Robert Crichton-Brown, Mr A. E. Bradley, Mr D. A. T. Dickins, Mr J. A. L. Hooke, Mr V. E. Martin, Mr R. N. Millar, Mr B. J. D. Page and Sir James Vernon. Mr J. D. Booth and Mr Mr V. E. Martin will be joint managing directors, with the former as chief executive officer.

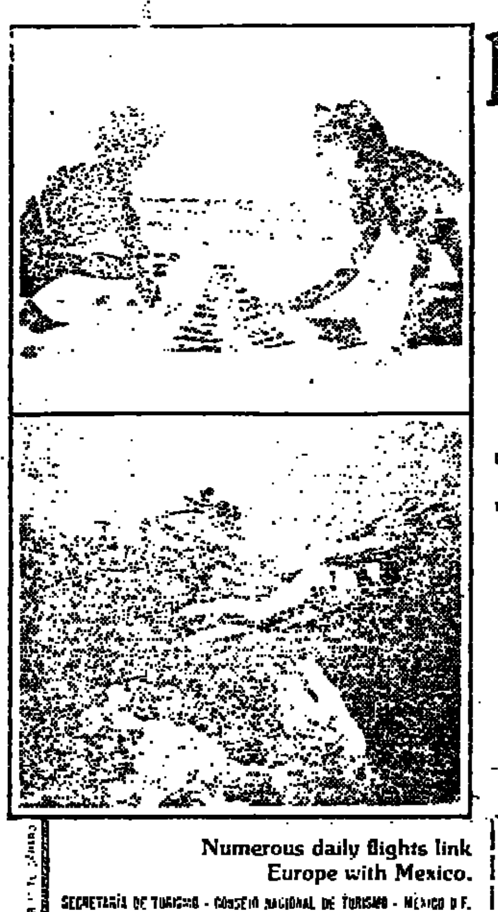
★

AMEY ROADSTONE CORPORATION (ARC) has made a number of management changes. Mr Mark Albertson, president and chief executive of ARC America, based in Newport Beach, California, will resign on January 31 but will continue as a consultative director for a further two years. Mr Keith Orrell-Jones, regional director of ARC Southern, will become president and chief executive of ARC America on February 1. Mr Derek Johnson, regional director of ARC Western, Shropshire, has replaced Mr Orrell-Jones. Mr Anthony Hopkins is promoted from commercial director to regional director of ARC Western. Mr Geoff Mortimer, director, overseas aggregate development, becomes deputy to Mr Ron Bartlett, ARC main board director with responsibility for UK aggregates, from November 1.

★

Mr Robert P. Barnett, president and chief executive officer of ICI AMERICAS, will retire on March 31. Mr Harry Corless, executive vice-president, will succeed him. The company is a division of Imperial Chemical Industries, London.





No. of exposures	FTFS Price
12	£1.69
20	£2.25
24	£2.53
36	£3.37

هكذا من الأصل

هكذا من الأصل

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Last	Feb. Vol.	Last	May Vol.	Last	Stock
GOLD C $400	[illegible]	[illegible]	[illegible]	[illegible]	20	90	$450
GOLD C $425	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GOLD C $450	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GOLD C $475	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GOLD C $500	[illegible]	[illegible]	[illegible]	12	[illegible]	[illegible]	"
GOLD P $425	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GOLD P $475	[illegible]	[illegible]	[illegible]	34	20	38.50	"
GOLD P $500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
	Oct.		**Jan.**		**April**		
ABN C F.280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.291
AKZO C F.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.22.50
AKZO C F.22.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
AKZO C F.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
AKZO P F.22.50	[illegible]	[illegible]	[illegible]	[illegible]	15	1.10	"
AMRO C F.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.54.60
AMRO P F.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
HEIN C F.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.47.50
HEIN C F.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
HEIN C F.55	[illegible]	[illegible]	[illegible]	[illegible]	4	2.20	"
HEIN P F.45	[illegible]	[illegible]	[illegible]	3.70	[illegible]	[illegible]	"
HOOG C F.15	[illegible]	[illegible]	[illegible]	[illegible]	20	0.80	F.15.30
IBM C $50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$55
IBM C $60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
IBM P $60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
KLM C F.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.90.80
KLM C F.100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
KLM C F.110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
KLM C F.120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
KLM C F.130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
KLM C F.140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
KLM C F.150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
KLM P F.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
KLM P F.100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
KLM P F.110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
NEDL C F.120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.140
NEDL C F.130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
NEDL C F.140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
NEDL P F.140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
NATN C F.105	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.114
NATN P F.115	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
PHIL C F.17.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.30
PHIL C F.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
PHIL C F.22.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
PHIL C F.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
PHIL P F.17.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
PHIL P F.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
PHIL P F.22.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RD C F.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.75.70
RD C F.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RD C F.100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RD C F.110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RD P F.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RD P F.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
UNIL C F.140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.149.50
UNIL C F.150	—	—	18	4.20	—	—	"
UNIL C F.170	—	—	—	—	4	4	"

TOTAL VOLUME IN CONTRACTS 2574

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	16 %	■ Guinness Mahon	16 %
Allied Irish Bank	16 %	■ Hambros Bank	16 %
American Express Bk.	16 %	Heritable & Gen. Trust	16 %
Amro Bank	16 %	■ Hill Samuel	§16 %
Henry Ansbacher	16 %	C. Hoare & Co.	†16 %
■ Arbuthnot Latham	16 %	Hongkong & Shanghai	16 %
Associates Cap. Corp.	16 %	Knowsley & Co. Ltd.	16½%
Banco de Bilbao	16 %	Langris Trust Ltd.	16 %
BCCI	16 %	Lloyds Bank	16 %
Bank of Cyprus	16 %	Mallinhall Limited	16 %
Bank of N.S.W.	16 %	Edward Manson & Co.	17 %
Banque Belge Ltd.	16 %	Midland Bank	16 %
Banque du Rhone et de la Tamise S.A.	16½%	■ Samuel Montagu	16 %
Barclays Bank	16 %	■ Morgan Grenfell	16 %
Beneficial Trust Ltd.	17 %	National Westminster	16 %
Bremar Holdings Ltd.	17 %	Norwich General Trust	16 %
Bristol & West Invest.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Slavenburg's Bank	16 %
■ Brown Shipley	16 %	E. S. Schwab	17 %
Canada Perm't Trust	16½%	Standard Chartered	‖16 %
Cayzer Ltd.	16 %	Trade Dev. Bank	16 %
Cedar Holdings	16 %	Trustee Savings Bank	16 %
■ Charterhouse Japhet	16 %	TCB Ltd.	16 %
Choulartons	16 %	United Bank of Kuwait	16 %
Citibank Savings	¶15 %	Whiteaway Laidlaw	16½%
Clydesdale Bank	16 %	Williams & Glyn's	16 %
C. E. Coates	16 %	Wintrust Secs. Ltd.	16 %
Consolidated Credits	16 %	Yorkshire Bank	16 %
Co-operative Bank	*16 %		
Corinthian Secs.	16 %		
The Cyprus Popular Bk.	16 %		
Duncan Lawrie	16 %		
Eagil Trust	16 %		
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Grindlays Bank	‡16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14.5%, 1-month 14.75%. Short term £8,000/12 months 16.80%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14¼% and over £50,000 14½%.
‡ Call deposits £1,000 and over 14%.
§ Demand deposits 14¼%.
‖ 21-day deposits over £1,000 15½%.
¶ Mortgage base rate.

MINING NEWS

Exchange rate cushions Johnnies' gold profits

BY KENNETH MARSTON, MINING EDITOR

THE alchemy of exchange rates has resulted in the Johannesburg Consolidated Investment ("Johnnies") group's gold producers receiving a virtually unchanged average price for their gold in South African rands during the September quarter despite a *fall of 12 per cent in the dollar price average to around $425 per oz.*

Apart from this exchange rate advantage, which arises from the relative weakness of rands against the U.S. dollars in which gold is sold, Randfontein has also managed to increase production. At the same time costs have fallen with the result that pre-tax profits from gold have shown a useful increase.

On the other hand, the mine's tax liability has risen sharply from the exceptionally low level of the June quarter which resulted from the offset of high capital expenditure. Consequently, increased payments to the state coupled with lower uranium revenue have left the mine with a reduced net profit for the latest quarter.

It is also announced in the latest quarterly report that Randfontein is cutting its losses by ceasing production at the controversial SD 32 shaft, "as a consequence of the continued weak uranium market and disappointing in situ gold and uranium grades."

This area, it may be recalled, is in the old part of the mine and was the one which two years ago caused a stir in the share market following the news that its earlier estimates of gold and uranium reserves had proved to be over-optimistic. The closure of SD 32, however, will not affect the mine's overall production of gold and uranium.

The low grade Western Areas has been greatly helped by an almost maintained rand price for gold received in the past quarter, but its production has slipped *as a result of underground fires* and labour unrest while costs have risen.

On the other hand, there has been a tax recoupment on the latest occasion with the result that on balance net profits are only marginaly lower than in the June quarter. The mine says that commissioning of its uranium plant is expected towards the end of this year

	Sept qtr. R000	June qtr. R000	March qtr. R000
Randfontein	31,337	36,333	25,731
Western Areas	13,713	14,007	14,514

Filipino mines struggling

THE mining industry in the Philippines is suffering hard times, reports Leo Gonzaga from Manila. Mr Henry Brimo, president of Philex Mining, one of the local copper "big five" *says that 1981 will be the worst* year for the industry and doubts whether there will be an improvement until after 1982.

More or less the same assessment of the outlook has been made by Mr Benjamin Gonzales, an official of the Bureau of Mines and Geosciences. Last week, he noted that despite the latest uptrend in copper and gold prices abroad, these prices were still below breakeven point for local producers of the metal.

Figures being mentioned by industry quarters earlier placed production costs at an average of U.S. 80 cents per pound for copper and $500 per oz for gold.

Mining men believe that only mines with high-grade ores and with a strong financial position can endure the current market slump for long. Without Government support, even the big operations with heavy debt service might collapse, they warn.

Marinduque Mining and Industrial, which operates the biggest nickel refinery, a copper producing mine and a cement property, has applied for 300m pesos (£20.6m) assistance under the Government's rescue-troubled-companies" programme.

Pay dispute at Geevor Tin

A PAY dispute is threatening to disrupt normal working at the Cornish Geevor tin mine, near Lands End. From yesterday the men are banning overtime and have gone on to a four-day week.

They want negotiations for a new pay deal to start at once and are basing their demand on the present price of tin, which has risen by some £2,000 to £8,300 per tonne on the London Metal Exchange this year. The company wants talks to start in January.

It was at Geevor that in *February and March of this year* the men worked a six-day week with payment for the additional time deferred until April because the low price of tin at that time was causing the mine to run at a loss.

Geevor's managing director, Mr Ken Gilbert, has now said: "It is agreed that the present price of tin is high and that the company has run at a profit in July and September. But this must be set against the losses incurred in April and May, the breakeven position only in June and a heavy loss in August."

The company has told the men's union, the TGWU, that if the present price of tin is sustained a wage increase based on negotiations in the new year can be virtually guaranteed.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Ash and Lacy, Associated Biscuit Manufacturers, Clifford's Dairies, S. W. Farmer, John Finlan, Hunting Petroleum Services, More O'Ferrall, Senior Engineering, Shires Investment, Spirax-Sarco Engineering.

Finals: Assam Frontier Tea, Cradley Printing, London and Montrose Investment Trust, London and Strathclyde Trust, Rossnaugh.

FUTURE DATES

Interims:

Arcolectric	Oct 16
Avana	Nov 21
Clayton Son	Oct 23
Hambros	Nov 24
Hopkinsons Holdings	Oct 29
King and Shaxson	Nov 11
Marks and Spencer	Oct 19
United Engineering Industries	Oct 16

Finals:

Bryant	Oct 13
Marconair International	Nov 3
Madmintser	Oct 20
Peachey Property	Oct 30
Thorpe (F. W.)	Oct 15
Wellco	Oct 12
Wolverhampton and Dudley Breweries	Dec 2

ROUND-UP

The discovery of what could be a sizeable copper deposit is claimed by Canadian and Malaysian prospectors in Ulu Kelantan, 170 miles northeast of *Kuala Lumpur in Malaysia.* Besides copper in the form of chalcopyrite and malachite, the area is believed to have indications of other metals. A preliminary report submitted to the Malaysian Government indicates that the find could be bigger than the recent discovery of copper deposits in Sri Jaya, Pahang State.

* * *

CDF International, a unit of the French coal authority Charbonnages de France (CDF), says that it has been given an exploration permit in Botswana. The permit is for three blocks covering an area of about 1,000 square kilometres in south-east Botswana. The region is believed to contain considerable deposits of steam coal.

CDF International said it has set up a wholly owned subsidiary, CDF Botswana, to handle the exploration work.

* * *

Although officials of Canada's Falconbridge Copper have not as yet made public any tonnage and grade estimates, it is apparent that the company is into a very good grade, albeit deep-seated, copper orebody at its Ansil property near the existing Lake Dufault division operations near Noranda in north-west Quebec, reports our Toronto correspondent.

Investment analysts are estimating anything from 3m tons to 5m tons. The company is using five drilling machines in the programme. It is known to want to get Ansil explored and developed as quickly as possible so that it would be available for production before a significant decline sets in the ore reserves at the nearby Corbet mine.

R. Green properties at £1.4m

TAXABLE PROFITS of R. Green Properties advanced from £1.36m to £1.42m in the year to June 30, 1981 on turnover ahead at £4.56m compared with £3.93m.

The final dividend is being raised to 1.8p net (1.5p), making a total for the year of 2.5p (2.2p). At the half-year stage this property investor and developer was behind with pre-tax profits of £508,000 (£742,000) and turnover stood at £1.88m (£2.17m).

Yearly earnings per 10p share are stated at 10.8p (5.76p) on a net basis and at 6.6p before deferred tax credit.

The *taxable profits — struck* after administration and other expenses of £187,000 (£174,000) — comprised rental income, net of debenture interest, of £659,000 (£609,000) and profits on property sales, net of short and medium term interest, of £949,000 (£911,000).

Tax took £616,000 (£644,000), but there was also a deferred tax credit of £524,000, bringing net profits to £1.33m (£702,000). After transfers to capital reserves of £77,000 (£147,000) and dividends of £305,000 (£268,000) the retained balance emerged at £947,000 (£287,000).

Institutions and ACC to meet on Thursday

Representatives of the pension funds are meeting executives of Associated Communications Corporations, the entertainments group headed by Lord Grade, this Thursday.

The pension funds, which hold around 11 per cent of the non-voting "A" shares of ACC and none of the important voting shares, are known to be concerned about recent developments at the company and would prefer that the non-voting shares were *enfranchised.*

They will also be seeking clarification about the resignation of Mr Jack Gill, Lord Grade's right hand man and ACC managing director, who, it was suggested, was receiving up to £500,000 in compensation.

As non-voters the pension funds are in aweak position and they admit they have no fire power to influence ACC affairs. "We do not want to raise expectations" said one fund yesterday.

Last month, at the annual general meeting, Lord Grade *said that the group had no in*tention of enfranchising the "A" shares.

COMPANY NEWS IN BRIEF

JERSEY ELECTRICITY—For 27 weeks to July 5, 1981: taxable profits £1.92m (£1.32m for 26 weeks) tax £384,200 (£264,100). Directors say *escalating fuel oil prices will reduce second half profits to produce year end surplus similar to last year. Interim dividend* of 4p (same) already announced.

INVESTMENT TRUST OF GUERNSEY—Net asset value per 50p share at September 30, 1981, was 269p.

MILLS AND ALLEN INTERNATIONAL (media contracting and services and financial services)—Results for year to June 30, 1981, and prospects reported September 24. Shareholders' funds £28.3m (£23.81m); fixed assets £9.14m (£7.75m); current assets £32.4m (£23.73m); current liabilities £28.38m (£23.51m); term loans £5.01m (£0.1m). *Sir Ian Morrow, chairman,* says after Monopolies Commission report, British Posters, the consortia selling organisation of which group is a leading member, to be disbanded causing short term dislocation but group already taking action to safeguard profitability. Meeting: Winchester House, EC, November 3, noon.

ARMSTRONG EQUIPMENT (automotive components)—Results for year ended June 26, 1981, reported September 24. Group fixed assets £35.82m (£34.88m); net current assets £20.5m (£27.48m); shareholders' funds £47.04m (£54.29m); net liquid funds increased £6.66m (£3m decrease). Meeting, Park Lane Hotel, November 2, noon.

MELODY MILLS (wallcoverings)—Results for year ended March 31, 1981, already known. Group fixed assets £1.46m (£1.38m), net current assets £2.25m (£3.34m), shareholders' funds £3.25m (£4.56m). Working capital decreased by £939,000 (£468,000 increase).

H. YOUNG HOLDINGS (motor distributor)—No dividend (same) for year to May 31 1981. Turnover £3.32m (£3.64m); pre-tax profits £4,800 (£10,700) after associated profits of £39,400 (nil) and extraordinary item *credit £4,000 (nil): current cost pre-*tax prof £8,500.

A and J MUCKLOW (investor and developer of industrial property)—Results for year to June 30 1981 reported September 26. Fixed assets £80.14m (£44.84m); shareholders' funds £57.1m (£37.73m); net current assets £4.38m (£6.64m): current cost pre-tax profits £3.66m against historic figure £4.29m. Meeting: Birmingham. November 12, 10.30 am.

IC raises offer for Sunbeam to $511m

By David Lascelles in New York

IC INDUSTRIES, the large Chicago-based industrial concern, yesterday sweetened its bid for Sunbeam, the electrical appliance maker, to try to get Sunbeam's board to drop its opposition to the takeover.

The improvement—from $32 a share to $36—was not strictly necessary as IC has already been tendered 9.7m shares, more than the 7.25m—or almost half the capital. But it is anxious to consummate a friendly merger and avoid costly litigation which is due to start with a Sunbeam-initiated court action today.

IC bid $454m for Sunbeam at the end of last month in a transaction that is supposed to be half cash, half securities. But Sunbeam rejected the bid as inadequate, and set about seeking a preliminary injunction to stop it going through. The new bid values Sunbeam at about $511m.

IC has already settled the possible anti-trust obstacles to the deal by agreeing with the Federal Trade Commission to sell three Sunbeam subsidiaries which make commercial refrigeration equipment which overlaps with IC's own products.

Sunbeam had no comment on the higher offer.

Brunswick drops bid for Intl. Controls

BRUNSWICK CORPORATION has terminated acquisition negotiations with International Controls Corporation.

Last month Brunswick offered to buy International Controls for $86.9m. Originally the offer was to be for cash and stock but Brunswick revised the terms with options that could have resulted in an all-cash transaction at $23 a share.

Brunswick, which makes Mercury outboard motors and bowling alley equipment, said the company ended the negotiations after reviewing audits of International Controls.

Agencies

LTV's bid for Grumman receives Pentagon boost

BY IAN HARGREAVES IN NEW YORK

THE CHANCES of LTV, the Dallas conglomerate, succeeding in taking over Grumman, the large U.S. aerospace company, increased yesterday when the Pentagon indicated it would not oppose the merger.

Wall Street, considered the Pentagon's position of some importance, immediately marked up Grumman shares from under $36 to $39.25, the highest level since the $45 a share, or $450m, bid was announced.

Grumman, which with the help of its employees is staging a broadly based political and legal campaign against the takeover, tried to counter the change in mood on Wall Street by announcing that it had sewn up almost 30 per cent of the voting shares against the bid. Two share blocks, controlled by the company's pension fund and its employee investment fund, account for the 30 per cent and Grumman said yesterday the employee investment fund had decided to increase its holdings in Grumman.

LTV has argued all along that it did not expect to be able to buy these shares in the initial bid, which was one reason it made an offer only for 70 per cent of the shares outstanding.

Grumman's fight to block the deal on anti-trust grounds through the courts and by mobilising sympathetic Congressmen in Washington will continue, but analysts believe it has little chance of stopping LTV, short of finding a higher bidder.

Grumman's anti-trust argument turns on both itself and Vought, the aerospace subsidiary of LTV, making aircraft for the Navy and having also competed for some sub-contracts in the civil aerospace field.

Grumman's employees, 30,000 of whom work on Long Island, about 30 miles from New York City fear they will lose their jobs and their independence if LTV takes over.

Westinghouse profits up by 14%

BY PAUL BETTS IN NEW YORK

WESTINGHOUSE ELECTRIC, the electrical and nuclear power equipment group with substantial assets in communications, yesterday reported third quarter profits of $104.6m, 14.4 per cent higher than the $91.4m earned in the same period last year. Sales rose by 10 per cent from $2.07bn to $2.28bn.

For the nine months profits increased 13 per cent to $334.9m while sales rose by more than 9 per cent to $6.84bn.

Westinghouse expects fourth quarter operating earnings to be at least equal to the $107m in the final quarter of last year, but it has warned that net earnings could be diluted by the company's recent $646m acquisition of Teleprompter, the second largest cable television company in the U.S.

Westinghouse said its acquisition of Teleprompter, completed on August 18, would be accounted for in the final quarter but that interest expenses incurred on borrowings to complete the takeover were included in the nine month results, mostly in the third quarter. This is likely to reduce the impact of the Teleprompter acquisition on final quarter earnings.

The acquisition is expected to enhance the company's plans to increase its services business, where profit margins are higher than in manufacturing.

Westinghouse said yesterday that all three of its major operating divisions — public systems, which include radar, avionics and communications, broadcasting, and industry products—turned in improved sales and earnings in the third quarter.

Spanish utility raising SDR Eurocredit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FENOSA, the private sector Spanish electric utility is raising an SDR 100m, eight year Eurocredit through a group of banks led by Orion Royal.

This is believed to be the first Eurocredit denominated in special drawing rights, the currency "basket" of the International Monetary Fund, since an SDR 45m borrowing by Cadafe, a Venezuelan state entity, which was signed in July.

Fenosa chose to launch a credit denominated in SDRs as part of its efforts to diversify its borrowing away from dollars. It is understood at the same time to be arranging a £30m financing through a group of Spanish banks.

The strength of the dollar and the high level of U.S. interest rates have led a number of Euromarket borrowers to look at the possibility of SDR loans this summer, bankers report. Yet the technical complexities of such loans and some dwindling of interest in SDR investments by depositors has left smaller banks resistant to the idea of such credits.

The Fenosa credit has thus assumed additional importance as a test of the market's interest in such credits. It bears a split ⅞-1 per cent margin which some bankers describe as being hardly generous to lenders.

Other banks in the lead group are Bank of Nova Scotia, Chemical, Fuji, Manufacturers Hanover and Mitsui.

● SIP, Italy's telephone authority is raising a $150m, eight-year credit with a margin over Libor of ⅝ per cent for the first two years rising to ¾ per cent for the final six. The credit is being co-ordinated by Arab Banking Corporation.

Further $325m of Eurobonds launched

By Alan Friedman

THE EURODOLLAR, D-mark and Swiss franc foreign bond markets yesterday maintained last week's rally. A further $325m of fixed interest Eurodollar bonds were launched against the backdrop of a sharp improvement in the Eurodollar secondary market.

The Eurodollar market opened with some bond prices being marked up nearly two points, and by the close the average rise was 1½ points. In the D-mark sector, continuing optimism about interest rates generated a strong morning increase, but the market closed with an average rise of ½ point.

In the Eurodollar sector, Morgan Stanley announced an increase in last week's $150m three-year 16½ per cent General Motors Acceptance Corporation bonds to $300m. The borrower took advantage of the healthy bond market and initial plans for an increase to $225m were scrubbed in favour of a doubled offering.

By late afternoon the market still seemed to be absorbing new paper and GMAC bonds were being traded at a bid price around ¾ below the issue price of 99¾.

The much-rumoured $100m seven-year bonds for Anheuser-Busch, the U.S. brewer, finally materialised with a 16¼ per cent coupon. The issue is led by Dillon Read and the bonds are callable in 1984 at 101½, and subsequently callable at ½ per cent less each year.

Next in the roster came a $75m seven-year issue for the Government of Ireland. The coupon is 16½ per cent and the indicated price is 99¾ to par. Lead-manager is Merrill Lynch and the bonds are callable in 1986 at 101 and then ½ point less each year.

A $50m 15-year convertible bond for Wal-Mart Stores, the U.S. general merchandiser, was launched late last night through Morgan Grenfell. The indicated coupon is 8¾ to 9 per cent and the bonds are not callable for 12 months. Thereafter the conversion premium is to be between 10 and 12 per cent. Wal-Mart carries a single A rating and its share price on the New York Stock Exchange stood at an annual high of $40 yesterday, against a recent low of $28¼.

Despite yesterday's strong performance in the primary and secondary Eurodollar bond markets, traders were again expressing concern about how long the rally might be sustained. A sizeable volume of new issues is still waiting for launch.

In the D-mark sector, the DM 100m 10-year Council of Europe issue was priced by BHF Bank with a 10¼ per cent coupon, lower than the previously indicated 10½ per cent. The price went up to par from 99 and the yield is now 10.25 per cent against an earlier indication of 10.667 per cent.

Similarly, the DM 100m 10-year Swedish Export Credit Corporation issue through Westdeutsche Landesbank was priced at par with a 10¼ per cent coupon rather than one of 10½ per cent. Both pricings illustrate the decline in West German interest rates.

In the Swiss franc sector, a SwFr 100m 10-year bond offer is expected today for the Government of New Zealand. The lead-manager will be the Swiss Bank Corporation.

Japanese to study U.S. bank changes

By Charles Smith in Tokyo

A GROUP of 20 leading Japanese bankers, accompanied by advisers from the Bank of Japan and the Ministry of Finance, will visit the U.S. next month to study what the Japanese take to be "revolutionary" changes in the banking environment there.

The group is particularly interested in what some of its members describe as the overflow of U.S. securities companies into the territory of bankers. They believe that the U.S. experience may provide a pointer to future developments in Japan, where the distinction between the banking and securities businesses has also become blurred.

As in the U.S., Japan has legislation which prevents banks from underwriting or dealing in securities. The prohibition, which has been in force since just after 1945 has cramped the style of the banks by, for example, preventing them from selling government bonds to the public.

Japanese bankers, however, claim that securities companies are being permitted to break down the barrier on their side by offering services which increasingly rival those provided by banks. In order to restore balance the banks are demanding two-way liberalisation of the present regulations.

Contrasting third quarter at Control Data and Honeywell

BY OUR FINANCIAL STAFF

CONTRASTING fortunes in the computer and information processing industries were reported yesterday by Honeywell and Control Data.

Honeywell which, like NCR finds a substantial portion of its business outside the U.S. suffered a sharp setback in the third quarter of this year but Control Data held earnings steady.

The third quarter brought a fall of 31 per cent to $32.1m or $1.43 a share in operating profits at Minneapolis-based Honeywell, one of the major manufacturers of information processing equipment and systems. Sales were also down, at $1.23bn against $1.28bn.

This brings the operating total for the nine months to $153.7m or $6.79, a fall of 5.2 per cent, despite a 9 per cent gain in sales to $3.79bn.

Honeywell, which earned 35 per cent of its operating profits overseas in 1980, when it chalked up record earnings of $281m. Analysts remain confident of further progress over the longer term. However, the company was expected to suffer in 1981 from the tightening in world economies as well as from the renewed strength of the dollar.

Control Data, one of the largest suppliers of computer services, takes 40 per cent of its profits from peripherals. In the third quarter earnings edged ahead from $40.2m to $44.1m, or $1.16 a share, on sales of $1.03bn against $933.5m. Nine-month profits of $127.7m, or $3.35 a share, compare with $114.4m last time. Sales totalled $3.01bn against $2.75bn.

The company said that a lower tax rate for its computer business more than offset the negative effects of foreign currency translation. Control Data took 34 per cent of its computer revenues from overseas in 1980, with the U.S. Government accounting for 11 per cent of the remainder.

The group's computer businesses lifted their earnings from $24.6m to $31.7m in the third quarter. Commercial Credit, the finance and insurance subsidiary, saw its contribution fall from $15.6m to $12.4m as the high U.S. interest rates took their toll.

Roussel-Uclaf ahead by 9% after six months

BY DAVID HOUSEGO IN PARIS

ROUSSEL-UCLAF, the French pharmaceuticals group which the Government is seeking to nationalise, increased its net consolidated profit for the first half of 1981 by 9.4 per cent to FFr 78m ($14m).

The company reported a 24.6 per cent increase in sales of which 63.7 per cent were generated abroad to FFr 3.12bn.

But this includes sales by Foster Grant, which Roussel-Uclaf acquired in June 1980 as part of its strategy of achieving a more dominant position as an international manufacturer of sunglasses. Excluding sales by Foster Grant, the group increased turnover by 17.8 per cent.

The group expects turnover for the year to rise by 20 per cent. It also expects improved profits on last year's FFr 132m. But it warns that general economic uncertainty makes predictions hazardous.

Strength of dollar hits NCR earnings

By Our Financial Staff

THE STRENGTH of the dollar against European currencies has undermined the trading results of NCR, one of the largest of the U.S. business information processor manufacturers. At the nine month stage earnings are 14 per cent down and the board expects the annual total to fall below the record $254.7m, or $9.51 a share, of fiscal 1980.

A 30 per cent drop in earnings in the third quarter has left earnings for the nine months at $118.1m, or $4.37, against $136.7m last time, although sales were 7 per cent ahead at $2.39bn.

The directors of the Dayton, Ohio, based company, which takes half its revenues from direct sales to industrial, government and educational markets, expect business conditions for the next few months to remain "difficult" because of high interest rates in the U.S., the sluggishness of many industrialised economies throughout the world, and the continued strength of the U.S. dollar.

The currency factor is blamed roundly for the decline in earnings so far.

The company said that "lower revenue and earnings from international operations in the third quarter, particularly in Europe where local currencies continue to weaken against the dollar, was a major factor in our results.

"In addition, lower production caused an unusually large proportion of manufacturing costs to be charged against current operations. This reflects both the results of our plans to reduce inventory as well as soft order levels caused by weak world-wide economies."

Order rates in the U.S. for the quarter were flat and international orders declined.

Earnings were already on the slide earlier in the year when higher interest charges and depreciation cut into trading profits.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday October 14.

Closing prices on October 12

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
CIBC 15½ 86	75	97½	97¾	+1¼	+1½	16.01
CIBC 16½ 91	100	99⅞	100¼	+1½	+2¼	16.72
CNA 15½ 86	75	92	92½	+2¼	+2¼	16.64
CNE 12¾ 91	100	82¼	82½	+1	+1¼	16.55
Citicorp Int. Fin. 15 86	150	96½	97	+1½	+0½	15.96
Citicorp O/S 15½ 84	175	100⅞	100¾	+1¼	+0¼	15.09
Cities Service 17 88	150	103⅞	104¼	+0¾	+1¼	15.95
Con. Illinois 14¾ 84	100	97¼	98¼	+1¾	+2	19.73
CPC Fin. 16½ 86	50	103⅞	104¼	+1¼	+2¼	15.54
EEC 14¾ 93	65	91⅞	92¼	+1¾	+2⅞	16.30
EIB 16½ 88	100	99½	100	+1¼	+1¼	16.54
Fed. Bus. D. 15¾ 84 (J)	40	99¾	100¼	+0⅞	+0¼	15.63
Finland Rep. of 9½ 86	100	78¼	79¼	+1½	+1¼	16.49
Ford Cr. O/S Fin. 16 84	150	99¾	100¼	+0½	+1¼	15.86
Ford Cr. O/S Fin. 16 85	150	98¾	99¼	+0½	+1¼	16.29
GMAC O/S Fin. 12⅞ 88	100	86¼	86⅞	+1½	+0½	16.38
GMAC O/S Fin. 14¾ 87	100	94¼	94¾	+1½	+1¼	16.27
Gulf States O/S 17¼ 88	60	102½	102¾	+1¼	+2¼	16.89
Hiram Walker 16 86	50	98½	99	+1¼	−1¼	16.31
IBM Wld. Trade 14¾ 84	100	101⅞	102¼	+1¼	+1¼	13.65
IBM Wld. Trade 14¾ 85	60	101½	102	+1¾	+2¼	14.07
Nat. Bk. Canada 15¾ 84	40	*97½	98	−0¼	+1	16.23
New Brunswick 17 88	60	103¾	103½	+2¼	+3	16.15
Newfoundland 17¼ 83	60	104½	105¼	+2¼	+3	16.08
Nova Scotia 15 91	75	93⅞	94¼	+1½	+3¼	16.19
Pacific Gas Elec. 16 86	75	100⅞	101¼	+0½	+0½	15.67
PSNH Int. Fin. 17 86	30	100¼	100¾	+0½	+0⅞	16.79
Royal Bk. Canada 14 86	100	95⅞	96¼	+1¼	+1¼	15.08
SNCF 13 91	75	85⅞	86¼	+3¼	+4	15.90
Shell Canada 15¾ 91	100	100¼	100¾	+2¼	+3¼	15.66
Sth. California 14 87	50	94¾	94¾	+1¼	+1¼	15.45
Sth. California 14¾ 86	50	94¼	94¾	+1½	+2	16.09
Swed. Ex. Credit 13 86	75	89¾	90¼	+1½	+2⅞	16.42
Swed. Ex. Cred. 15¾ 86	50	96¼	96¾	+0¾	+1¼	16.76
Tenneco Int. 17 87	100	103	103½	+1½	+2¼	16.24
Toronto-Dom. Bk. 14 84	50	95½	96¼	+1¼	+1¼	15.60
Transcanada 17¾ 83	75	104¼	104¾	+1¼	+1¼	15.56
Walt Disney 15¾ 86	100	100¼	100¾	+2	+3¼	15.56
Wells Fargo Int. 15¾ 84	50	99¾	100¼	+0¼	+0¼	15.32
Winnipeg 17 86	50	101½	101⅞	+1	+0¾	16.50
World Bank 14¾ 86	500	94¾	95¼	+1¼	+2⅞	15.93
World Bank 16 86	210	100½	100¾	+1¼	+3¼	15.78
World Bank 16 88	30	99¼	99¾	+1¼	+1¼	16.02
World Bank 16½ 86	130	100⅞	101¼	0	0	16.14
World Bank 16½ 88	100	100¼	100¾	0	0	16.40

Average price changes On day +1¼ on week +1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bank 10 91	100	98	98½	+0¼	+1	10.28
Austria Rep. of 8¾ 92	150	87½	88½	+0½	+0⅞	10.09
CECA 7¾ 87	150	†87¾	88	+1¼	+1¼	9.77
CECA 10 91	120	†100¾	101¼	0	+0¾	9.79
CII-Honeywell 8½ 90	125	†87½	88¼	+0½	+2¼	10.54
Council of Europe 10 91	100	99½	100	+0¼	+0¼	10.02
EIB 8¼ 90	200	89¾	90¼	0	+0¼	10.25
EIB 10¼ 91	200	†101¼	102	+0¼	+0⅞	10.20
ESCOM 9¼ 87	100	91¼	91¾	0	+0¼	11.26
Finland Rep. of 10 83	100	98	98½	+0½	+0¼	10.32
Iberduero SA 9 90	100	†91½	92¼	−0¼	+1¼	10.41
Ind. Bk. Finland 8½ 90	50	†89¾	90½	−0¼	+0½	10.72
Int.-Am. Dv. Bk. 10 91	100	†99¾	100¼	+0½	+0⅞	9.96
Japan Air Lines 8¾ 87	100	92½	92¾	+0¼	+0¼	9.79
Japan Dev. Bk. 7¾ 87	100	90½	91	+0½	+0¼	9.78
Kobe, City of 8 90	100	90½	91	+0¼	+1¼	9.60
Midland Int. Fin. 8½ 90	150	91½	91¾	0	+1¼	9.97
Nuclebras 9¾ 88	100	†90½	91	+0¼	+1¼	11.60
OKB 8½ 92	150	†88¼	89	+0¼	+2¼	10.02
Oslo, City of 8⅞ 90	70	91½	92½	+0¼	+0¼	10.17
Renault Acc. 10¾ 85	150	99	99½	+0¼	+0¼	[illegible]
Venezuela R. of 9¾ 90	150	93½	94¼	−0¼	−0¼	10.86
World Bank 8 90	700	87¾	88¼	−0¼	+1	10.16

Average price changes.. On day +0¼ on week +0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aeroport Paris 6½ 91	60	†92	93	+0¼	+1½	7.63
BFCE 6½ 91	100	†90½	90¾	+0¾	+1	7.97
Bayer Int. Fin. 5¾ 92	100	87½	87¾	−2¼	+0¾	6.90
Brigelectric Fin. 7¾ 91	100	100	100½	+0¾	+1¾	7.72
Bernen, City of 6¾ 91	40	†96	97	−1¼	+2¼	7.26
CECA 6¾ 91	80	94	94½	+0¾	+4	7.61
Denmark 5¾ 90	80	86¼	86¾	+1½	+3¾	7.97
Dome Petroleum 3¾ 91	100	89¼	89⅞	0	+3¼	7.30
Dome Petroleum 7¼ 90	100	100½	100¾	+0¼	+1½	7.15
Flot. de France 5¾ 90	100	85½	85¾	+1¼	+2¾	7.51
Eurofima 5¾ 92	80	88¾	88½	−0¼	+0¼	7.33
Finland, Rep. of 5½ 90	80	†87	87½	+0½	+1½	7.66
Franc. Petroles 6½ 91	80	91¼	91½	+1¼	+1¾	7.81
Genstar 7 91	100	100½	100¾	−0¾	+3	6.90
Int. Amer. Dev. Bk. 7 91	100	94¾	95	+0¼	+3½	7.79
Japan Dev. Bank 5½ 90	100	92	92½	+0¼	+1⅞	6.90
Mt. Blanc Tunnel 5½ 90	60	84½	84⅞	+0¼	+1¼	7.98
Newco 5½ 90	80	†90½	91	−0⅞	+4⅞	7.21
OKB 7 93	100	97	97¼	+0⅞	+2	7.37
Oslo, City of 5½ 90	80	87½	88¼	−1½	+1¼	7.80
Philips Lamps 5¾ 92	100	87	87½	+0¾	+1⅞	6.98
Swed. Ex. Credit 7¾ 91	75	95	95¾	+1¾	+3	7.99
Trade Dev. Fin. 6½ 90	50	†89	90	+0⅞	+4	7.80
Voest-Alpine 5¼ 90	80	85¼	85½	0	−0¾	8.11
World Bank 6 91	100	90⅞	90¾	+1¼	+5¼	7.42
World Bank 7 90	100	96¾	97	+0¼	+0½	7.50

Average price changes.. On day +0¼ on week +2¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bk. 8¾ 91	15	96½	97½	0	0	8.71
Australia 6½ 85	20	85¼	86¼	0	0	9.51
EIB 7¾ 89	12	93¾	94¼	0	0	8.81
Finland 6.8 86	10	85¼	86¼	0	0	9.81
Finland, Rep. of 8¾ 87	15	96	97	−0¼	0	9.18
New Zealand 8¾ 87	15	97¼	98¼	0	0	8.88

Average price changes On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
CIBC 12½ 85 C$	50	90	91	0	+0¼	17.18
CIBC 11½ 85 C$	60	83¾	84¾	−0¼	−0¼	17.50
Federal Dev. 11½ 90 C$	60	†74½	75½	+0¼	+0½	17.19
Federal Dev. 17½ 86 C$	40	†100½	101	+1½	+3¼	17.49
Fst. Can. Inv. 10 84 C$	50	†83½	84½	+1	+1	18.17
GMAC (Can.) 13 87 C$	60	†103½	104⅞	+1¼	+3¼	15.87
Tordom Can. 13½ 85 C$	30	†92½	93½	+0¼	+0¼	15.72
M. Bk.-Dnmk. 9 91 EUA	25	80¾	81½	0	+0¼	12.41
SOFTE 8¼ 83 EUA	40	74½	75	0	+0¼	13.88
U. Bk. Nwy. 9½ 90 EUA	15	81¾	83	0	+0¼	13.05
Algemene Bk. 10½ 86 Fl	60	94¾	94¾	+0¼	+0⅞	11.93
Amro Bank 12 86 Fl	75	100¾	101¼	+0½	+0¾	11.67
Heineken NV 10 87 Fl	100	92⅞	93	+0¾	+1½	11.78
Nat. Nedrlndn. 10 88 Fl	60	93⅞	94¾	0	+0¾	11.33
Ned. Midd. Bk. 10 85 Fl	75	95	95½	+0¼	+1	11.86
Pierson 10½ 86 Fl	60	93⅞	94¾	+0¾	+1	12.01
Rabobank 12 86 Fl	50	100½	101	+0½	+1¼	11.74
Air France 14½ 85 FFr	200	90¼	91¼	+0¼	−0½	17.58
Bk. America 14½ 85 FFr	250	90½	91½	+0¼	+1¼	17.43
Charb'nages 13⅞ 85 FFr	400	89½	90¼	+0¼	+1½	17.42
EIB 14½ 88 FFr	300	85¼	86¼	0	+1	18.02
Ca Redoute 14½ 85 FFr	125	88¼	89¼	+0½	+1½	18.32
OKB 14 86 FFr	400	88¾	89½	0	+0¾	17.75
Solvay et C. 14¾ 86 FFr	200	89¼	90¼	+0¼	+0¾	18.17
Swed. E. Cr. 14¾ 86 FFr	250	87	88	−0⅞	−0¼	18.69
U. Mex. Sts. 14 85 FFr	150	91	92	+1½	+1⅞	17.24
Acona 14 85 £	20	89⅞	90⅞	+0¼	+0¾	17.41
Beneficial 14¾ 90 £	20	81½	82¼	+1¼	+1⅞	18.42
BNP 13¾ 91 £	15	83	84	+0¼	+1	17.13
CECA 13½ 88 £	20	84¼	85¼	−0¼	+0⅞	17.27
Citicorp O/S 13½ 90 £	50	86⅞	87⅞	+1¼	+2¼	16.38
Fin. Ex. Cred. 13½ 86 £	15	90¼	91	+1¼	+1¼	16.81
Gen. Elec. Co. 12⅞ 89 £	50	82¾	83¾	+0¼	+0¾	16.52
Hiram Walker 14¾ 86 £	25	91¼	92¼	+0½	+1¼	16.92
Privatbanken 14½ 88 £	12	88¼	89⅞	−0¼	+0⅞	17.62
J. Rothschild 14⅞ 90 £	12	89⅞	89⅞	+0½	+1¼	16.56
Royal Trustco 14 86 £	12	92½	93	+1¼	+2¼	16.10
Swed. Ex. Cr. 13¾ 86 £	20	89⅞	90¼	+0¼	+0⅞	16.97
Akzo 9¾ 87 LuxFr	500	84¾	85⅞	0	+0⅞	12.88
Euratom 9¾ 88 LuxFr	500	86¼	87½	0	+0½	12.89
Eurofima 10½ 87 LuxFr	500	88¼	89¼	0	−0½	13.36
EIB 9¾ 88 LuxFr	600	84½	85¼	0	+0¼	13.50
Volvo 9¾ 87 LuxFr	500	83¼	84¾	0	−0¼	13.89

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99¾	99⅞	16/12	16¼	[illegible]
BBL Int. 5 86	0¼	99¾	100¼	20/11	18.31	18.32
BNP 5¼ 88	‡0¼	99½	100	29/10	18.81	18.86
Chrishana Bk. 5½ 91	‡0¼	98⅞	99¼	5/11	19.19	19.39
Co-Ban Eurofin 5½ 91	0¼	98¾	98⅞	14/10	5½	5.58
Co-operative Bk. 5 86	0¼	99¼	99⅞	15/11	18.56	18.64
Den Norske Credit 5 90	‡0¼	99½	99⅞	5/11	19.19	19.31
Genfinance 5¼ 87	0¼	99½	100	30/10	18.94	18.98
Genfinance 5¼ 92	0¼	99½	100¼	30/12	18.31	18.31
Gim und Bank 5¼ 91	‡0¼	98½	99¼	23/12	17½	17.58
GZB 5¼ 92	‡0¼	99	99½	5/12	17¾	17.88
Ind. Bank Japan 5¼ 88	0¼	99¾	100¼	9/4	18¾	18.83
Lloyds Eurofin 8 90 £	0¼	96½	97¼	6/1	13½	14.06
Lloyds Eurofin 5¼ 92	0¼	98	98½	4/12	17.44	17.57
Lloyds Eurofin 5¼ 93	0¼	98½	99	29/10	5¼	[illegible]
LTCB Japan 5¼ 88	0¼	99⅞	100¼	13/12	17¾	[illegible]
LTCB Japan 5¼ 89	0¼	99¼	100¼	18/1	18.32	18.34
Man. Hanov. O/S 5¼ 94	‡0¼	99¼	100¼	30/11	19¾	[illegible]
Midland Int. Fin. 5¼ 92	0¼	99¼	99⅞	5/12	17¾	17.88
Midland Int. Fin. 8 91	0¼	98¾	99¼	30/10	18.81	[illegible]
Nacional Fin. 5½ 88	0¼	97¾	98¼	25/3	17.31	[illegible]
Nat. Bk. Canada 5¼ 88	0¼	99½	100	24/3	17.31	[illegible]
Nat. West. 5¼ 94	‡0¼	99	99½	14/10	18.19	[illegible]
Nat. West. Fin. 5¼ 91	‡0¼	99¾	99⅞	15/1	18¾	[illegible]
Nat West. Fin. 8¾ 92	‡0¼	98⅞	99½	23/10	16.81	[illegible]
Pemex 6 91	0¼	97½	98	8/4	17	[illegible]
Pemex 5¾ 88	0¼	97¾	98¼	14/2	18.81	[illegible]
Sanwa Int. Fin. 5¼ 88	0¼	†99⅞	99⅞	24/3	17¾	[illegible]
Société Générale 5¼ 91	0¼	98⅞	99¼	22/1	18¾	[illegible]
Sparebanken 5 87	0¼	98½	99	19/12	18.81	[illegible]
Svenska Handlsbk. 5 87	0¼	100	100¼	15/1	18¼	[illegible]

Average price changes... On day +0¼ on week +0¼

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem.
Ajinomoto 5¼ 96	7/81	933	87¼	88¾	+2¼	[illegible]
Bow Valley Inv. 8 95	4/81	23.12	93	94¼	−0¼	[illegible]
Canon 6¾ 95	1/81	829	138⅞	139¾	+5¼	[illegible]
Daiwa Secs. 5½ 96	12/81	539	82	83	+2	[illegible]
Fujitsu 4¼ 96	10/81	6720	87¼	88¼	+0¾	[illegible]
Furukawa Elec. 5¼ 96	7/81	300	109	110½	+5	[illegible]
Hanson O/S Fin. 9¾ 96	8/81	2.74	87	88	+0¼	[illegible]
Hitachi Cred. Cpn. 5 96	7/81	1966	86¾	88¼	+2	[illegible]
Inchcape 8 95	2/81	4.55	80¼	81½	−0¼	[illegible]
Kawasaki 5¼ 96	9/81	229	82¼	83¾	+1¼	[illegible]
Marui 6 96	7/81	931	87¼	89	+0¼	[illegible]
Matsushita El. 7½ 95	11/80	680	81¼	82½	+0¾	[illegible]
Minolta Camera 5 96	10/81	903	81	82	+0¼	[illegible]
Murata 5¼ 96	7/81	2190	87	88½	−0¼	[illegible]
NKK 6½ 96	7/81	188	104	105½	+2¼	[illegible]
Nippon Chemi-C. 5 91	10/81	919	79	80½	0	[illegible]
Ricoh 6½ 95	6/80	684	127½	129¼	+3	[illegible]
Sanyo Electric 5 96	10/81	652	90¼	91¼	+1¼	[illegible]
Sumitomo Met. 5½ 96	10/81	305	86¼	87¼	+0¼	[illegible]
Swiss Bk. Cpn. 6¼ 90	9/80	200	70	72	−0¼	[illegible]
Taylor Woodrow 8½ 98	7/81	4.94	78	79	+1¼	[illegible]
Transco Inf. 9¾ 95	2/81	68	76¼	78¼	−0¼	[illegible]
Tricorp 8½ 95	12/80	31.25	69¼	70¼	−0¼	[illegible]
Union Bk. Switz. 5 88	2/80	70.79	76¼	77¼	+0¼	[illegible]
Sharp Cpn. 5½ 88 DM	3/80	581.8	165¼	166¼	−6¼	[illegible]
Uny Co. 6½ 85 DM	11/79	979.3	101½	102¼	−0¼	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Decline in dollar share of bond markets

By Peter Montagnon, Euromarkets Correspondent

THE SHARE of the dollar in world bond markets fell by more than 10 per cent between the end of 1975 and the end of last year, according to a new study by the investment house, Salomon Brothers.

At the end of last year, dollar issues — including domestic bonds, Euro and international issues—accounted for 51.1 per cent of all outstanding bonds in the world's eight largest capital markets. Five years earlier, the share had been 61.7 per cent.

The study shows that a large part of this fall was the result of exchange rate movements. Had exchange rates remained at their end-1975 level, the dollar share of world bond markets would have been 57.3 per cent at the end of last year.

The other major factor behind the fall in the dollar's share of world bond markets has been the growth of the Japanese bond market, particularly as a vehicle for government borrowing.

The yen market in publicly quoted issues was the second largest market at the end of last year, accounting for 19.6 per cent of the $2,831bn issues outstanding in the world's eight biggest markets. In 1975, the yen share was only 9.4 per cent.

Adjusted for exchange rate movements since then, its share would still have risen to 14.6 per cent by the end of last year, the study shows.

Predictably the study suggests that the size of individual markets bears a close relationship to the size of the economies concerned, but there are some important deviations to this general rule.

The French franc capital market represents only 16.9 per cent of France's gross domestic product, whereas the ratio is 56.5 per cent in the case of the U.S. This reflects the French investor's aversion to long-term financial instruments, as well as the rather minor role of institutional investors in that country.

Italian Government move to form investment funds

BY JAMES BUXTON IN ROME

THE CREATION of Italian investment trusts has come a step closer after the partial approval by the Italian Cabinet of draft legislation to allow them. The financial community has been campaigning for such trusts for two decades, but the matter became urgent after last summer's crash of the Milan stock exchange.

Legislation to allow Italian investment trusts (foreign investment trusts are permitted) was one of the measures promised by Sig Giovanni Spadolini's Government in mid-July to revive confidence in the stock exchange. But since the promise was made the stock exchange and its regulatory authority, the Consob, have become increasingly concerned about the Government's slowness.

However, last Friday the Cabinet approved the rules under which investment trusts will operate: they will not be permitted to hold more than 5 per cent of the shares of any one company. But a disagreement between Sig Nino Andreatta, the Treasury Minister, and Sig Rino Formica, the Finance Minister, over the tax position of the trusts means that the draft law will have to come before another Cabinet meeting.

Several Italian companies are keen to introduce investment trusts and the stock exchange authorities believe they will bring more funds to the market and reduce the volatility of the market.

Brokers and others concerned with the stock exchange regard the implementation of government promises as essential to restore confidence in the market. While share values are still about 10 per cent above the level at which they began the year volume is very sharply down.

In recent weeks it has averaged only about L10bn (£8.6m) a day, against figures of about *L70bn to L80bn in May and* June and an all-time peak of L209bn on May 20 this year.

Brokers attribute the drop in turnover mainly to the loss of confidence in the stock exchange following the Consobs action in *June when, in an attempt to stop* prices crashing, it ordered share dealings to be settled in cash instead of at the end of the monthly accounts as before. Though the provision was rescinded two weeks later it brought trading almost to a standstill.

A further factor despressing prices, which yesterday fell by 3.5 per cent, has been the weight of new capital issues being raised by major companies.

U.S. settlement switch for banks

BY WILLIAM HALL, BANKING CORRESPONDENT

EIGHT out of ten European banks are likely to change their correspondent banking procedures in the U.S. following the switch to same-day settlement at the New York Clearing House at the beginning of this month.

In a recent study of international correspondent banking, Greenwich Research Associates, the U.S. bank consultants, found that more than half of the 465 European banks interviewed said that they would concentrate their dollar clearing activities with banks that use the Society for Worldwide Interbank Financial Telecommunication (SWIFT), the international payments message system.

More than two-fifths of *European banks interviewed* said they would concentrate their correspondent banking balances with banks offering the best cash management service.

The New York-based Edge Act offices of U.S. banks have been trying to win more correspondent banking business from *European banks, but according* to the Greenwich research, only 8 per cent of the banks questioned said they would move their clearing accounts to New York Edge Act offices.

A number of big U.S. money centre banks, such as Citibank, have developed their own international message transfer systems which compete with SWIFT. According to the Greenwich research, European banks are reducing their relationship with banks that are not fully using the SWIFT network.

Profits setback at Borregaard

By Fay Gjester in Oslo

BORREGAARD, the Norwegian wood processing, chemicals, metals and foodstuffs group, *reports a fall in profits for the* first eight months of 1981 to NKr 67.8m ($12m) before tax from NKr 93.8m in the corresponding period last year.

The eight-month report foresees profits for 1981 as a whole at "somewhat above NKr 100m," though it notes that currency uncertainties make forecasting difficult. Pre-tax profits for 1980 were NKr 143.2m.

SHV to raise Fl 125m with two-tier debenture

BY CHARLES BATCHELOR IN AMSTERDAM

SHV HOLDINGS, the privately-owned Dutch trading and industrial group, plans to raise Fl 125m ($52m) by means of a two-tier convertible debenture. This is the first issue of this type on the Dutch capital market.

The company will issue Fl 125m worth of subordinated 12-year debentures carrying a 14 per cent coupon and convertible between 1981 and 1990 into a 25-year 14 per cent subordinated debenture.

This form of loan allows SHV, as an unlisted company, *to raise risk-bearing long-term* capital, says Pierson, Heldring and Pierson, the merchant bank which has advised on the issue.

The debentures will be convertible at rates linked directly to the net asset value per share of SHV which at the end of 1980 stood at Fl 577, against Fl 430 a year earlier.

The increase in conversion value of the debentures will be limited to Fl 50 a year with a maximum value of Fl 1,500 in 1990.

SHV plans to pre-place Fl 40m worth of debentures with Dutch institutions on the same conditions as the public offering.

The company will use the funds for expansion and to consolidate earlier borrowings. SHV plans to invest Fl 500m this year, of which Fl 100m will be met from cash-flow, with most of the spending going on its self-service wholesaling and energy activities in North America and Europe.

In 1980 profits will not differ greatly from last year, when Fl 198m net was returned on turnover of Fl 10.1bn ($4.3bn).

Ballast-Nedam forecasts improvement in earnings

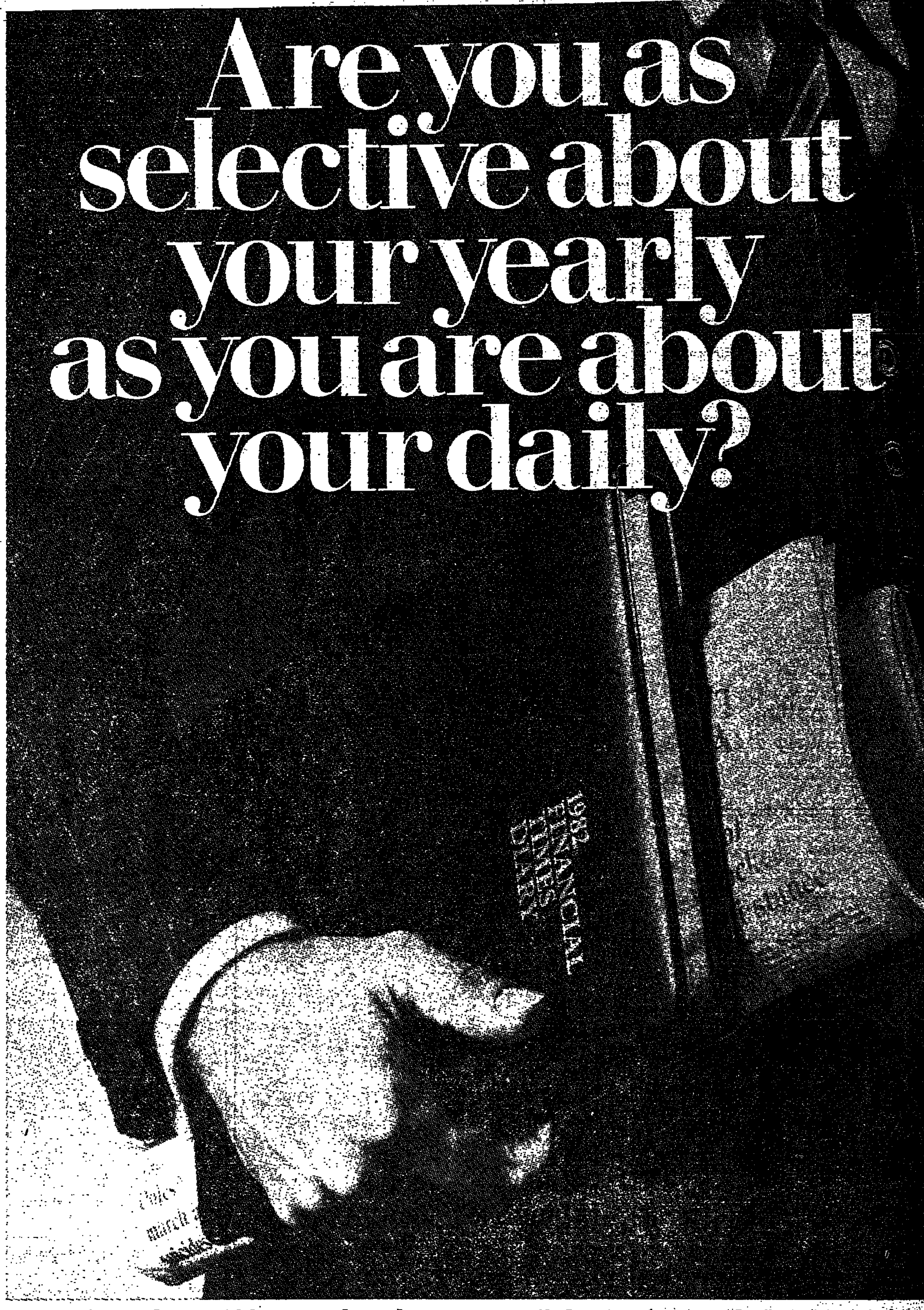
BY OUR AMSTERDAM CORRESPONDENT

BALLAST-NEDAM, the Dutch construction group, expects profits to rise this year despite a decline in turnover. Completion of a major housing construction project in Saudi Arabia meant turnover peaked last year.

Net profit is expected to rise about 12 per cent to Fl 28m ($11.5m) on turnover down Fl 500m to Fl 1.8bn. A contract to build the Saudi Arabia Bahrain causeway and a second Saudi housing project have, however, boosted the value of the order book to more than Fl 4bn.

Further orders are expected shortly and Ballast is confident of its prospects in 1982.

Despite the overall improvement of its result this year, Ballast expects a loss in the dredging division and in the project development activities of the construction division.



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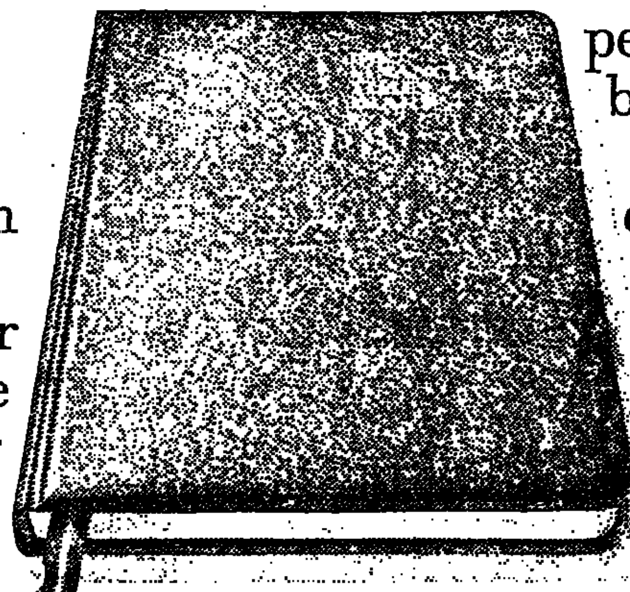

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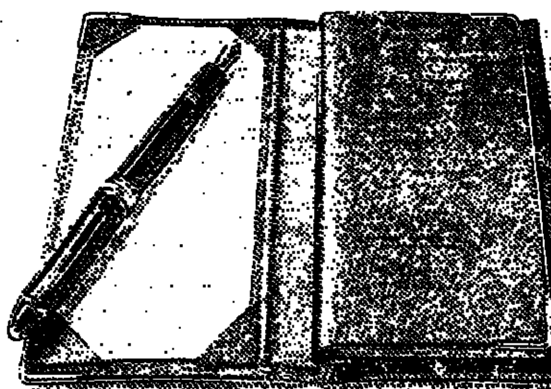

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JAPAN RELAXES SECURITIES RULES

Daiwa fund boosts national bonds

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S LANGUISHING secondary market for low-interest rate government bonds has received a significant boost from a new type of securities fund launched by Daiwa Securities.

The fund (for which subscriptions opened yesterday) is based mainly on ten-year government bonds issued in 1978 with a 6.1 per cent coupon rate. Such bonds carry a yield of around 7.26 per cent at present but are worth considerably more if capital gains at maturity are taken into account. The Daiwa fund guarantees a dividend of 8.8 per cent to investors by adopting the principle of accumulation (under which capital gains are reflected in current earnings, instead of being paid out at maturity).

Daiwa was allowed by the Ministry of Finance to base its dividend payments on the accumulation principle after opting for a closed- rather than an open-ended fund system. In other words there can be no change in the make-up of the bond portfolio throughout the fund's lifetime.

The MOF has never before permitted the accumulation of capital gains (or amortisation of capital losses) to be reflected in the dividend payments of domestic Japanese securities funds. Its decision to do so in the case of the Daiwa fund reflects the Government's anxiety to prop up the flagging market for government securities by any and every means available.

Although the fund is based mainly on 6.1 per cent government bonds with a 1988 maturity date the fund also includes bonds maturing in each of the next six years. This is in order to generate the necessary funds for paying out dividends on the accumulation principle. As Daiwi points out in its description of the new fund, accumulation is a theoretical accounting principle and does not actually mean that capital gains become available in advance of the maturity of the 1988 bonds: it merely means that the certainty of capital gains in the fund's final year is reflected in dividend payments made in the interim.

Daiwi is expected to be allowed to issue about Y150bn ($622m) worth of units in the new fund, although the company hopes to have the ceiling raised to Y200bn. A week ago the company had already received advance applications for around Y400bn, mainly from agricultural credit institutions, insurance companies, and mutual banks.

Other Japanese securities companies are queueing up to follow Daiwa's lead but the MoF seems determined to maintain strict traffic control so as to avoid a flood of new accumulation funds that might undermine what otherwise looks like a promising new market.

Judicious policing by the Ministry could mean that some Y500bn to Y1,000bn worth of funds will be authorised during the remainder of the current fiscal year to March 31 1982.

Advance news on the launching of the Daiwa fund has resulted in some hardening of demand for long-term low interest rate government issues on the secondary bond market. If this continues the government should face fewer difficulties in placing new issues of deficit financing bonds. About Y4,000bn worth of such issues have to be placed with the syndicate of securities companies and banks between now and the end of the fiscal year.

● Reuter adds from Tokyo that foreign investors are increasing purchases of Japanese national bonds in the secondary market in response to the lowering of U.S. interest rates and the yen's appreciation against the dollar. Foreign purchases became noticeable in the middle of last week.

Fuji Photo to sell instant cameras

TOKYO—Fuji Photo Film said it will begin marketing in Japan instant cameras and instant colour film, developed with its own techniques, to break into the market dominated by Polaroid and Eastman Kodak.

The company plans to sell from October 24 about 20,000 cameras and 100,000 packs of film a month.

Fuji said it hopes to export the products if the local market responds well. Its instant film can be used for either Kodak or Fuji cameras.

Reuter

Record net share sales by foreigners in Tokyo

BY OUR FINANCIAL STAFF

FOREIGN INVESTORS were net sellers of Japanese stocks by a record margin in September.

Foreigners sold Y346.5bn ($1.5bn) of Japanese stocks in the month and bought only Y187.8bn, leaving them net sellers by a record Y158.7bn, compared with the previous record of Y70.2bn last July. September was the third consecutive month in which foreigners were net sellers.

The flight of funds is mainly attributed to higher interest rates in the U.S. which have prompted U.S. investors to remain in the domestic market and have attracted money from Japan, Europe, and other areas. The fall of the Tokyo stock market in September and the yen's instability in foreign exchange markets were other contributing factors.

Analysts believe, however, that foreigners will become net buyers again in the near future. Japanese corporate earnings are expected to pick up, the yen is seen as appreciating against the dollar, and U.S. interest rates are likely to drift down.

Earnings fall for Guinness Malaysia

By Wong Sulong in Kuala Lumpur

RISING PRODUCTION costs and a stagnant market have eroded earnings of Guinness Malaysia Berhad, which reported a 20 per cent fall in pre-tax profits to 24m ringgit (U.S.$10.2m) for the year ended in August. However, the company is maintaining its dividend payout, and is declaring a one-for-one scrip issue.

Turnover rose marginally by 4 per cent to 191m ringgit, suggesting a decline in the volume of stout sold, since the increase was due to price changes.

The tax charge was higher this year due to the lower level of capital depreciation allowances, so that after-tax profit was down by 28 per cent to 17.7m ringgit.

Guinness is paying a final 24 per cent dividend, making an unchanged 34 per cent for the full year.

It is capitalising on 36m ringgit from unappropriated profits and surplus on revaluation of assets, to make a one-for-one scrip issue, which will not rank for the final dividend.

Although Guinness has launched a successful campaign to popularise the draught stout, the current year is likely to be a difficult one. Recession has hit the Malaysian economy, and has particularly affected the earnings of plantation and construction workers, who are great stout drinkers.

Sime Darby sees further progress

By Our Kuala Lumpur Correspondent

SIME DARBY, the Malaysian conglomerate, is confident of further progress in the current year, despite continuing soft commodity prices.

Tun Tan Siew Sin, Sime's chairman, says in the annual report that the group must increase its processing activities to reduce its vulnerability to commodity price fluctuations.

The plantation division contributed 44.6 per cent of the group's 245m ringgit (U.S.$107m) pre-tax profit for the year to June 1981, compared with 61 per cent of the 219m ringgit profit in 1979.

Tun Tan said cocoa prices had improved, but prices for palm oil remained weak and rubber prices had fallen substantially.

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CURRENCIES, MONEY and GOLD

Erratic trading

Trading was rather erratic in currency markets yesterday due to the closure of most U.S. centres. The market was very nervous and currencies showed movements inconsistent with normal trading. Sterling showed some reaction to a slightly lower trend in UK interest rates but was weaker principally on selling orders in a very restricted market. This tended to overshadow fundamental currency trends, with dealers expecting sterling to react favourably today after yesterday's fall.

The dollar was generally weaker in currency markets, reflecting a further fall in U.S. money supply announced on Friday and a further fall in Euro-dollar rates. Trading was rather patchy and erratic in view of the closure of U.S. centres for a public holiday. Another major bank cut its prime rate to 18¼ per cent yesterday from 19 per cent while on Friday the Federal authorities cut the surcharge on borrowings through the Federal window to 2 per cent from 3 per cent over the discount rate of 14 per cent.

Currencies showed little overall change within the European Monetary System yesterday. The French franc remained the most improved currency despite a cut in domestic interest rates. The D-mark was again the weakest member.

STERLING—trade weighted index (Bank of England) fell to 88.5 from 89.4, having stood at 88.3 at noon and 89.4 in the morning. Against the dollar the pound opened at $1.9100 and after touching $1.9130 briefly, fell to $1.8730. For most of the afternoon it traded between $1.8750 and $1.8850 before falling to a low of $1.8700 just before the close and finishing at $1.8710-1.8730, a fall of 2.9c from Friday's close in London. Against the D-mark it fell to DM 4.0950 from DM 4.1650 and SwFr 3.4300 from SwFr 3.4950. It was also down against the French franc at FFr 10.24 from FFr 10.4450.

DOLLAR — trade weighted index (Bank of England) fell to 106.2 from 106.4. The dollar closed at DM 2.1880 against the D-mark from DM 2.1890, and SwFr 1.8325 from SwFr 1.8375. Against the Japanese yen it was firmer at Y227.5 from Y226.5.

D-MARK—No longer strongest member of the European Monetary System following the recent currency realignment. However, the 5.5 per cent revaluation of the German unit has only reinforced market sentiment that the D-mark has been undervalued against its EMS partners for some time. The underlying strength of the D-mark has allowed the authorities to reduce the special Lombard rate by one point—The D-mark was slightly weaker overall within the EMS yesterday. At the fixing in Frankfurt the Dutch guilder rose to DM 90.550 per Fl 100 from DM 90.48 and the French franc was higher at DM 39.88 per FFr 100 from DM 39.84. However, the Belgian franc slipped at DM 5.9530 from DM 5.9620 per BFr 100.

FRENCH FRANC—The recent EMS reshuffle which resulted in a devaluation of the French franc has helped to reduce upward pressure on French interest rates. Domestic money market rates have been cut and Euro-French franc rates have also declined sharply. Current D-mark weakness within the system should keep economic fundamentals in the background for the time being while the market reacts primarily to interest rate movements—The French franc showed mixed changes at yesterday's fixing in Paris. The dollar rose to FFr 5.4820 from FFr 5.4795 while sterling slipped to FFr 10.2930 from FFr 10.4500.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	40.7572	40.9513	+0.48	+0.46	±1.5368
Danish Krone ...	7.91117	7.82729	−1.06	−1.08	±1.6412
German D-Mark	2.40989	2.43392	+1.00	+0.98	±1.1077
French Franc ...	6.17443	6.10150	−1.18	−1.20	±1.3733
Dutch Guilder ...	2.66382	2.68833	+0.92	+0.90	±1.5063
Irish Punt ...	0.684452	0.686232	+0.26	+0.24	±1.6688
Italian Lira ...	1300.67	1295.57	−0.30	−0.39	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for October 12 .... 0.593029

EXCHANGE CROSS RATES

Oct. 12	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen
Pound Sterling	1.	1.872	4.095	426.0
U.S. Dollar	0.534	1.	2.188	227.6
Deutschemark	0.244	0.457	1.	104.0

WORLD VALUE OF THE POUND

APPOINTMENTS

ART GALLERIES

COMPANY NOTICES

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

TRAVEL

MONEY MARKETS

London rates ease

London clearing banks base lending rates 16 per cent (since October 1)

Short-term interest rates continued to ease in the London money market yesterday, although day-to-day credit was in short supply. Discount houses noted an increase in the number of commercial bills on the market, reflecting the differential between the present buying rate for three-month eligible bank bills of 14⅞-14{illegible} per cent, and the overdraft rate of 17 per cent for prime borrowers. The downward trend in money market rates was suggested as a factor behind the fall in the value of sterling, as the pound reversed its recent gains against the dollar and other major currencies.

The authorities at first forecast a shortage of funds in the region of £350m yesterday, and although this was revised to £300m at noon, the shortage was amended back to £350m in the afternoon.

In the morning the assistance was £271m, coupled with a further £51m in the afternoon, making a total of £322m. Before lunch the Bank of England bought £12m Treasury bills in band 1 (up to 14 days maturity) at 15 per cent; £1m local authority bills in band 1 at 15 per cent; £87m eligible bank bills in band 1 at 15 per cent; and £171m bank bills in band 2 (15-33 days maturity) at 15¼ per cent.

Additional operations in the afternoon were made up of £5m Treasury bills in band 1 at 15 per cent; £25m local authority bills in band 2 at 15¼ per cent; £13m bank bills in band 1 at 15 per cent; and £8m bank bills in band 2 at 15¼ per cent.

In the inter-bank market three-month money fell to 15½-15¾ per cent from 15{illegible}-15¾ per cent, while seven-day funds were little changed at 15¾-16 per cent.

Discount houses paid 15-16 per cent for secured call loans, with overnight money moving in a narrow range of 15-16½ per cent in inter-bank trading.

In Paris call money fell to 17¼ per cent from 17¾ per cent. On Friday the rate fell from 18¼ per cent, where it had been since September 21, when interest rates were increased in an attempt to defend the franc. Treasury bill yields also began to decline last week, and therefore it came as little surprise when the Bank of France cut its money market intervention rate yesterday. The central bank bought first category paper at 16¾ per cent, compared with 17¾ per cent, the rate prevailing since September 29. The French authorities bought ... between October ... for value today.

GOLD

Weaker trend

Gold fell $4½ an ounce from Friday's close in the London bullion market yesterday to $447½-449½. The metal opened at $453¼-454¼ and was fixed during the morning at $451.60 and $449.50 in the afternoon. Trading remained rather featureless and the slightly firmer tendency in the morning was reversed later on a slight dollar improvement.

In Paris the 12½ kilo bar was fixed at FFr 86,000 per kilo ($487.93 per ounce) in the afternoon compared with FFr 86,000 ($488.56) in the morning and FFr 86,000 ($488.16) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,730 per kilo ($452.00 per ounce) against DM 31,900 ($454.00), and closed at $449-451 compared with $452-454.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $451.75 unchanged from Friday.

In Zurich gold finished at $449½-450½ against $452-456.

Oct. 12		
Gold Bullion (fine ounces)		
Close	$447½-449½	(£238-239)
Opening	$453¼-454¼	(£237¼-237¾)
Morning fixing	$451.60	(£239.879)
Afternoon fixing	$449.50	(£239.478)
Gold Coins		
Krugerrand	$464-465	(£245½-246)
1/2 Krugerrand	$238¾-239¾	(£126¼-126¾)
1/4 Krugerrand	$121¾-122¾	(£64½-65)
1/10 Krugerrand	$49¾-50¾	(£26¼-26¾)
Mapleleaf	$464-467	(£245½-247)
New Sovereigns	$109¼-110	(£57¾-58¼)
King Sovereigns	$123½-125½	(£65¼-66¼)
Victoria Sovs	$123½-125½	(£65¼-66¼)
French 20s	$136-139	(£72-73½)
50 pesos Mexico	$557-560	(£294½-296)
100 Cor. Austria	$436-439	(£230½-232)
$20 Eagles	$598-603	(£316¼-318¾)

LONDON MONEY RATES

Oct. 12 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits
Overnight	—	15-16½	16⅝-16¾	—	—	15⅞-16	15-16
2 days notice	—	—	16½-15¾	—	—	—	—
7 days or ...	—	—	—	—	—	—	—
7 days notice	—	15¾-16	15⅝-16⅞	—	15⅞	15⅞-16¼	15¼-15½
One month	15¾-15⅝	[illegible]	[illegible]	16¼-16	15¾	[illegible]	[illegible]
Two months	[illegible]	[illegible]	—	16¼-16	[illegible]	16	[illegible]
Three months	[illegible]	15½-15⅝	15½	16¼-16	[illegible]	16	[illegible]
Six months	15⅝-15½	[illegible]	[illegible]	15¼-16	[illegible]	15⅞	[illegible]

MONEY RATES

NEW YORK

Prime rate	18½-19½
Fed. funds	14½-15
Treasury bills (13-week)	13.35
Treasury bills (26-week)	13.42

GERMANY

Special Lombard	11.0
Overnight rate	11.10

SDR linked deposits: one-month 13{illegible} per cent; three-months 13{illegible}-14{illegible} per cent; six-months 13⅞-14¼ per cent; one-year 13⅞-14¼ per cent.
ECU linked deposits: one-month 14½-14¾ per cent; three-months 14¾-15 per cent; six-months 14¾-15¼ per cent; one-year 14¾-15 per cent.
Asian $ (closing rates in Singapore): one-month 14⅞-15 per cent; three-months 15{illegible}-15{illegible} per cent; six-months 15{illegible}-15{illegible} per cent.
Long-term Eurodollar two years 16⅛-16⅜ per cent; three years 16⅛-16½ per cent; four years 16⅛-16⅜ per cent; five years 16⅛-16⅜ per cent nominal.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.55-14.65 per cent; three-months 15.15-15.25 per cent; six-months 15.25-15.35 per cent; one year 15.25-15.35 per cent.

هكذا من الأصل

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The loans are available under the Community Projects in the Hydrocarbons Sector (CPHS) Scheme.

The closing date for applications under the next round of the scheme is 30 November 1981.

The Department of Energy has produced a free booklet to help companies interested in seeking loans under the scheme, which is available from Deborah Lott, Energy & International Policy Division, Department of Energy, Thames House South, Millbank, London SW1P 4QJ (telephone 01-211 4270).

The Department of Energy would be glad to advise intending applicants. Please telephone Peter Davies on 0235 24141 extension 2541, Gordon Crouch on 041-221 8777 extension 410, or John Arnott on 01-211 3809.

Department of Energy

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WORLD STOCK MARKETS

Wall St 6.28 lower at 1pm

STOCKS opened firmer but began to decline steadily amid investor concern about the state of the U.S. economy.

The Dow Jones Industrial Average was 6.28 lower at mid-session, at 866.72, on low volume of 21.5m shares traded, against 37m on Friday. The NYSE All Common Index was 30c down at $70.03.

A second bank followed Chase Manhattan in cutting its prime rate from 19 per cent to 18½ per cent, but there was speculation that the decline in rates might not last long.

Salomon Brothers chief economist Henry Kaufman said prime rates were likely to drop to 16 or 17 per cent in the short term before climbing to record highs in six months.

NCR fell $1¾ to $45¾ after reporting lower earnings for the third quarter and nine months.

Amfac dropped $2 to $27, while Teledyne eased $1¾ to $145¾, Schlumberger $1¼ to $54¾ and Smithkline $1½ to $71.

Westinghouse, however, gained $1 at $27 after reporting improved earnings.

THE AMERICAN SE Market Value Index was off 1.07 at 313.07, and also declining steadily, on turnover of 1.9m shares (3.5m).

Dome Petroleum dipped to $11 on over 35,000 shares, making it one of the most heavily traded issues.

Champion Home Builders, also active, was unchanged at $2¾.

Canada

Canadian markets were closed for the Thanksgiving Day holiday.

Germany

Prices opened lower and continued to fall, because of a weaker bond market and profit-taking following last week's gains.

The Commerzbank Index fell to 702.5 from 709.4 on Friday, with Banks and Engineering leading the downtrend.

Deutsche Bank finished DM 3.10 lower at DM 281, Dresdner dropped DM 3 to DM 138 and Commerzbank eased DM 1 to DM 131.50.

Linde dropped DM 6 from Friday's close to finish at DM 325, MAN fell DM 6.50 to DM 195 and Mannesmann closed DM 2.50 lower at DM 147.50.

Preussag, which attracted speculative interest late last week, fell back DM 2.90 to DM 207, while in Motors, Daimler fell DM 7 to DM 341, BMW was down DM 6 at DM 180 and VW slipped DM 1.50 to DM 130.80.

Stores closed mixed, with Karstadt unchanged at DM 217, but Kaufhof down DM 1.50 at DM 166.50 and Horten down DM 2 at DM 131.50.

On the domestic bond market, profit-taking erased early gains. Mark Eurobonds were quietly steady.

Closing prices for North America were not available for this edition.

Paris

Prices closed mixed, near Friday's levels, in quiet trading. The fall in French call money rate to 17½ per cent and the Bank of France's money market intervention rate to 16¾ per cent helped support prices.

Electrical suppliers, Food stocks, Investment and Properties were mixed.

Metals, Building and Oil stocks eased slightly, while Banks, Stores and Engineering concerns rose.

Thomson-Brandt was higher after announcing improved first-half profits.

In Foreign shares U.S., Oil and Gold Mines eased but West German and Dutch stocks were firm.

Switzerland

Prices were higher as a stronger Swiss franc and the lower time deposit rates announced by big Swiss banks on Friday afternoon buoyed market sentiment.

Domestic shares gained, led by major Banks, which were actively sought after. Union Bank chief executive Niklaus Senn said on Friday the bank expects 1981 profits to be higher than last year. Union Bank and Credit Suisse rose strongly on widespread buying interest, particularly from institutions.

Paribas (Suisse) added SwFr 6 at SwFr 445 in active turnover after the takeover bid by Pargesa Holdings.

Financials and Insurances were generally higher, including Elektrowatt, Adia and Baloise Registered, but Motor Columbus fell. Leading Industrials however turned mixed with a lower bias. Ciba-Geigy, Sandoz and Nestle Bearer eased but BBC was steady at SwFr 1,250.

Tokyo

Share prices rose sharply on speculation that lower U.S. interest rates and the yen's rise against the U.S. dollar might prompt a return of foreign investors to Japanese stocks.

The Nikkei-Dow market average gained 71.58 to 7,587.80 on selective buying in many Blue Chips, but trading was thin with a volume of 220m shares, because many investors were reserved in view of high levels of margin trading. Advancing issues outpaced decliners by 374 to 213. The Tokyo Stock Exchange Index rose 5.22 to 561.24.

Heavy Electric Machines, Light Electricals, Precisions and Drugs rose sharply, but Steels and Shipbuilders were mixed while synthetic fibres and non-ferrous metals eased.

Hong Kong

Stocks closed steady after a softer opening, with sentiment holding in the absence of selling pressure.

The Hang Seng Index finished higher for the fourth consecutive day, following preceding sharp declines, to reflect a net gain of 32.79 points at 1,335.21.

The market could consolidate in the absence of fresh news factors, with the index likely to move between 1,250 and 1,300, one broker said.

Most of the leaders gained, with Cheung Kong up 50 cents to HK$22.50 and Hongkong Bank 40 cents higher at HK$14.40.

Hutchison Whampoa advanced to HK$16.30 from Friday's HK$16.20 and Jardine Matheson rose to HK$15.40 from its previous HK$14.50.

Hong Kong Land finished 5 cents higher at HK$8.95, while Swire "A" was unchanged at HK$12.80 and Sun Hung Kai Properties at HK$10.50.

Singapore

The stock market closed firmer on buying support and covering interest in selectively active trading. The Straits Times Index rose 10.84 points to 646.10.

Among leading Industrials and Finances, Hong Leong Industries advanced sharply by S$1.55 to S$11.10 and United Motor Works firmed 56 to S$4.72. Elsewhere gains of between 2 and 33 cents were recorded by Genting, Haw Par, Inchape, Sime Darby, Straits Trading, DBS and OCBC.

Isetan Emporium (Singapore) listed yesterday, was initially traded at S$3.10, then eased slightly to S$3.04 before recovering to close at S$3.12, with about 244,000 shares transacted.

Australia

Continuing uncertainty at developments in the Middle East and a brighter outlook for U.S. interest rates kept the Sydney share market rising, but overall caution saw several heavyweights close off their highs.

The All Ordinaries Index finished 4.9 points higher at 597.0.

Oil and Gold stocks were among the firmer issues as tension lingered over Egypt.

Santos rose 8c to A$5.56 after news that the Strzelecki 5 well, which has already produced oil at the rate of 2,860 barrels a day, had produced gas at the rate of 9.2m cubic feet a day. Woodside firmed 8c at A$1.36.

Johannesburg

Gold shares eased after trading mostly firmer during the day to close narrowly mixed, as the bullion price slipped below $450.

Indices

NEW YORK —DOW JONES

	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5	Oct. 2	1981 High	1981 Low	Since Cm'pil't High	Since Cm'pil't Low
◆Indust'ls	873.00	878.14	868.72	856.28	859.87	860.73	1024.05 (27/4)	824.01 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	56.55	56.38	56.16	55.78	56.70	55.42	65.78 (16/1)	54.39 (1/10)	—	—
Transport.	371.28	373.07	372.21	367.05	368.56	366.44	447.38 (6/4)	335.48 (25/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	104.16	104.27	104.46	105.18	105.94	102.81	117.81 (6/1)	101.28 (28/9)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-T	50,050	47,310	50,030	45,800	51,230	54,540	—	—	—	—

◆Day's high 885.84 low 866.34.

Ind. div. yield %	Oct. 3	Sept. 25	Sept. 18	Year ago (approx)
	6.34	6.68	6.58	5.66

STANDARD AND POORS

	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5	Oct. 2	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	135.97	137.02	135.81	135.72	133.85	135.27	157.02 (6/1)	128.49 (24/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	121.45	122.31	121.51	119.69	118.51	119.56	138.12 (6/1)	115.01 (24/9)	140.52 (28/11/80)	4.40 (1/6/32)

	Oct. 7	Sept. 30	Sept. 23	Year ago (approx)
Ind. div. yield %	5.27	5.50	5.52	4.42
Ind. P/E Ratio	8.29	7.94	7.90	9.12
Long Gov. Bond yield	14.10	15.08	14.30	11.48

NY. S.E. ALL COMMON

Oct. 9	Oct. 8	Oct. 7	Oct. 6	1981 High	1981 Low
70.32	70.74	70.13	69.03	79.14 (6/1)	64.96 (25/9)

Rises and Falls

	Oct. 9	Oct. 8	Oct. 7
Issues Traded	1,873	1,850	1,875
Rises	774	1,046	1,153
Falls	765	444	366
Unchanged	334	360	356
New Highs	—	21	17
New Lows	—	16	32

MONTREAL

	Oct. 9	Oct. 8	Oct. 7	Oct. 6	1981 High	1981 Low
Industrials	330.35	332.95	330.85	328.82	408.58 (27/5)	310.21 (25/9)
Combined	311.84	312.69	310.24	309.45	375.28 (13/8)	288.97 (25/9)
TORONTO Composite	1851.3	1858.31	1858.7	1885.60	2378.8 (10/4)	1812.48 (25/9)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
IBM	979,700	55¾	+ ¼
Sante Fe Intl.	660,400	42¾	+ ½
Sears Roebuck	688,100	17⅝	+ ½
Dean Witter	619,100	47¼	+13½
Tandy	572,400	33	− ½
ATT	565,900	59⅝	− ½
Ralston Purina	536,400	10⅞	− ⅛
St. Oil Indiana	521,000	50⅛	− 2⅛
Gen Instrument	481,300	37⅞	+ ¼
Exxon	456,200	30½	− ¼

	Oct. 12	Oct. 9	Oct. 8	Oct. 7	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	597.0	592.1	585.2	578.6	757.5 (6/4)	563.5 (28/9)
Metal & Minrls (1/1/80)	(u)	481.7	474.8	470.8	756.2 (7/1)	463.0 (28/9)
AUSTRIA						
Credit Aktien (2/1/62)	54.55	54.57	54.60	54.35	56.46 (6/1)	54.0 (21/8)
BELGIUM						
Belgian SE (31/12/63)	72.14	72.09	71.45	71.49	86.16 (17/2)	69.66 (16/6)
DENMARK						
Copenhagen SE (1/1/73)	115.82	114.26	116.89	112.11	119.09 (25/8)	95.88 (2/1)
FRANCE						
CAC General (29/12/61)	95.3	95.10	92.2	91.20	112.5 (17/3)	77.5 (16/6)
Ind Tendance (31/12/80)	101.0	101.10	100.5	99.00	103.5 (10/9)	79.2 (12/6)
GERMANY						
FAZ-Aktien (31/12/58)	229.34	231.14	228.45	227.47	245.47 (3/7)	216.88 (9/2)
Commerzbank (Dec 1953)	702.5	709.40	698.5	696.50	749.0 (6/7)	668.4 (18/2)
HOLLAND						
ANP-CBS General (1970)	84.5	84.7	84.6	85.90	96.6 (20/6)	78.5 (25/9)
ANP-CBS Indust (1970)	65.8	66.1	65.7	65.50	76.4 (22/6)	62.0 (26/9)
HONG KONG						
Hang Seng Bank (31/7/64)	1335.21	1302.4	1265.52	1179.85	1810.20 (17/7)	1113.77 (5/10)
ITALY						
Banca Comm Ital (1972)	189.91	192.99	195.00	195.14	232.06 (6/6)	166.44 (24/7)
JAPAN**						
Dow Average (16/5/49)	7587.8	7516.2	7522.61	7545.88	8019.14 (17/8)	6956.52 (15/5)
Tokyo New SE (4/1/68)	561.24	556.0	555.14	556.51	603.52 (17/8)	495.79 (5/1)
NORWAY						
Oslo SE (1/1/72)	128.86	129.16	128.72	127.79	145.72 (6/8)	118.34 (8/6)
SINGAPORE						
Straits Times (1966)	646.10	635.26	(c)	627.51	975.26 (26/6)	615.26 (1/9)
SOUTH AFRICA						
Gold (1958)	(u)	727.2	717.0	712.7	787.6 (7/1)	478.6 (6/7)
Industrial (1958)	(u)	697.0	691.5	687.5	691.8 (25/9)	537.2 (3/2)
SPAIN						
Madrid SE (30/12/80)	(c)	132.76	130.50	130.90	146.18 (8/9)	100.46 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	566.99	563.72	555.03	551.02	660.51 (10/8)	404.17 (29/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	258.8	260.5	258.7	255.10	304.2 (2/4)	248.5 (2/10)
WORLD						
Capital Intl. (1/1/70)	(u)	143.7	142.8	142.7	162.8 (6/1)	133.8 (28/9)

(**) Sat. Oct. 10:

Base values of all indices are 100 except Australia All Ordinary and Metals—500: NYSE All Common—50: Standard and Poors—10: and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable

NEW YORK

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRIA

BELGIUM/LUXEMBOURG

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

COMMODITIES AND AGRICULTURE

Karakul pelt promotion talks

THE SOVIET UNION and South Africa are to discuss joint promotion of karakul (Persian lamb) pelts at a meeting in London next month, the chief executive of the South African International Karakul Secretariat, Gerard van Wijk, said. The two countries, as well as Namibia, are the world's largest pelt producers.

Mr van Wijk said the discussions would take place at the initiative of the Soviet government agency responsible for marketing hides and skins, leather and furs. They will coincide with the next karakul pelt auctions, which are held in London five times a year.

According to Mr van Wijk, the chances of co-operation with the Soviets are slim. The South Africans, whose flat, broad-tailed pelts sell at an appreciable premium to curly East European furs, are worried that the Soviets may not pull their weight in any joint promotion scheme, Mr van Wijk said.

The South Africans are desperately searching for ways to push up sales of their product. *Rising interest rates, the recession in the northern hemisphere, changing fashion styles and a reluctance among distributors to build up reserve stocks have resulted in a sharp drop in karakul prices in recent years.*

Auction prices in July 1981 averaged R10.80 a pelt, down from R14.72 12 months previously and R17.17 in mid-1979.

Spares shortage denied

CLAIMS THAT farmers in South East England were suffering from a "spare parts famine" were denied by the British Agricultural and Garden Machinery Association (BAGMA) yesterday.

Commenting on the East Sussex NFU's claim that the availability of the replacement parts for farm machinery was causing a crisis in some parts of the country, Mr Jonathan Swift, director general of BAGMA, said: "some parts were held up by the recent Civil Service strike which affected the customs and excise function. However, the essential parts supply routes remain unaltered and it would be a wild exaggeration to suggest that there is any sort of parts famine."

Producers to press for tin pact price rise

BY JOHN EDWARDS, COMMODITIES EDITOR

A RISE of between 10 to 15 per cent in the "floor" and "ceiling" prices of the International Tin Agreement is to be sought by producing countries when the International Tin Council meets in Kuala Lumpur later this week.

But strong resistance is expected from consumer countries, particularly the U.S., who feel that current prices are unrealistically high as a result of the market being manipulated. They would be reluctant to provide the dealers, who have been buying up huge quantities of tin since the last Tin Council meeting in July as a means of boosting prices, with guaranteed profits that would result from a 10 per cent rise in the Tin Agreement price range.

The U.S. confirmed officially on Friday that it will not be *joining the sixth Tin Agreement*, which replaces the present pact that expires next June, so it may well be tempted to take a hard line.

In these circumstances, the stance taken by the EEC could be crucial. Although Britain and West Germany are known to favour resisting a price rise, it is felt the Community might agree to a 5 per cent increase in the range, from its present level of a "floor" of 27.28 ringitts per kilo to a "ceiling" of 35.47 ringitts.

The Straits tin price in Penang broke through the "ceiling" at the end of last week and continued upwards over the week-end reaching 35.56 ringitts.

Theoretically the buffer stock of the International Tin Council "must sell" all its existing holdings when the prices goes abovethe "ceiling." Butthe buffer stock these days is no longer forced to offer all its tin for sale immediately and instead is able to limit selling according to market conditions.

Trading activity in London was subdued yesterday with dealers waiting to see what happens at the Tin Council meeting later this week.

Tin stocks held in LME warehouses rose by 785 tonnes last week to a record level of 13,625 tonnes. But this had little impact, since the bulk of the stocks are believed to be held by the dealers currently controlling the market.

Wong Sulong in Kuala Lumpur writes — Ministers of the tin producing countries meeting here today will discuss a common demand for an upward revision in tin prices at the International Tin Council session to be held here later in the week.

Senior officials from Malaysia, Indonesia, Thailand, Bolivia, Australia, Nigeria and Zaire, who met yesterday, have recommended to their ministers an upward price increase of between 10 and 15 per cent.

Observers feel the stand taken by the EEC countries will be vital not only to the price demand by producing countries but also on the future of the proposed sixth Tin Agreement, starting next July, since the U.S. has formally announced it would not join the new pact.

"The EEC, voting as a block could effectively bring about the demise of the next Tin Agreement if it wanted to," said a Malaysian official.

Malaysia, Indonesia and Thailand will be using the Asean-EEC ministerial meeting in London this week to stress the importance of tin as a test case in Asean-EEC political and economic co-operation.

Meanwhile, Indonesia will become the second nation, after Malaysia, to sign and ratify the sixth international Tin Agreement it was confirmed here.

Concern at low copper values

BY OUR COMMODITIES EDITOR

COPPER stocks held in LME warehouses dropped by 3,550 to 108,925 tonnes last week it was reported yesterday. Zinc stocks were also down by 725 to 83,450 tonnes and nickel by 342 to 2,754 tonnes. Lead stocks increased by 1,075 to 47,950 tonnes; aluminium by 625 to 101,747 tonnes and LME silver *holdings by 350,000 to 29,680,000 ounces.*

Complaints about the low price of copper—in real terms—were voiced at the American Metal Market forum in London yesterday. General Gaston Frez, executive president of Codelco in Chile, claimed the world price this year dropped to the lowest level on record during the last 50 years.

He added that while it was true demand had been slack, this did not justify such a price drop. The situation was critical for producers, many of whom operated within tight profit margins. Mr Ronald Gillespie, commercial director of Industrial Minera Mexico, commented that producers were agreed on one fact that was evident. Today's prices for metals, in real terms, were slowly destroying the present mining industry and delaying, day by day, important decisions on future developments needed to meet future demand.

Higher metal prices, and improved trading conditions, are forecast however in the latest issue of Metals Analysis and Outlook, just published. It notes that the ratio of non-ferrous metal stocks to consumption remains well below the levels experienced during the 1975/78 recession and it will, therefore, only require a moderate recovery in growth to halt the rising trend in stocks and reduce them to historically low levels by the end of 1982.

The latest issue of Metal and Economic Trends, published by LME ring-dealing members Amalgamated Metal Trading, predicts that the average copper price will rise to 125 cents a pound next year, compared with 81 cents (£992 a tonne) this year, reaching 90 cents by the year-end. It predicts there will be a production deficit of 188,000 tonnes, against a surplus of 170,000 tonnes this year.

The report forecasts a sharp drop in tin prices. It notes that although values could increase further due to operations in the market, the weak fundamental position in the market should in due course result in the price falling during the next six months.

Cocoa Fund stays out of market

By Richard Mooney

THE INTERNATIONAL Cocoa Agreement's buffer stock will make no market purchases today for the fourth consecutive trading day. Support buying under the agreement ceased last Thursday, only eight days after it had started.

The buffer stock's continued absence from the market, indicated by the fact that no official buying price has been issued for today, is seen as confirmation thaat a rethink of its buying strategy is under way.

The failure of support purchases totalling 61,325 tonnes to prevent a £120 a tonne fall in the cocoa futures price has been partly blamed on an excessively open buying policy.

At the insistence of consumer members of the pact the buying price has to be set in advance of each day's purchases and the amount purchased revealed at the end of each day's trading. The buffer stock, which has already spent more than half the $230m market support fund carried *forward from the last pact*, is understood to be seeking permission to operate a more discreet buying programme.

Ironically the market has *strengthened since support* buying was halted. A £25.50 rise yesterday, attributed to speculators covering "short" positions and the weakness of *sterling, lifted the March* position on the London futures market to £1,229.50 a tonne — £58.50 above last week's low point.

The International Cocoa Organisation's daily indicator price reached 100.76 cents a pound yesterday, up from last week's low of 97 cents but still well below the 110 cents a pound "floor" price the pact is supposed to defend.

Tax guide for farmers

By Our Commodities Staff

A NEW guide to tax law for farmers and landowners, written by the chief tax adviser to the Country Landowners Association, is published this week.

"Taxation of Farmers and Landowners." price £14, is written by Mr Oliver Stanley, a barrister and former tax inspector, who has been working with the CLA for six years.

SUGAR MARKET

EEC seeks respectability

BY JOHN WYLES IN BRUSSELS

THE European Community's handling of its agricultural policy has long been based on the Augustinian principle of "please God make us better, but not yet."

When it agreed to reforms its sugar regime in the spring of this year the EEC at last began to limit the budgetary burden of its sugar surplus, but it left begging the question of whether it was ready to become a truly responsible member of the international sugar trading community.

As far as the world sugar producers are concerned, there is nothing particularly responsible about the Community refinancing the costs of its export surpluses. This is the *achievement of the sugar* regime agreed at the end of March which claws back from producers a substantial proportion of the export subsidies paid to bridge the gap between the EEC price and the world level.

Non-EEC producers want an assurance that world market prices will not constantly be subject to the depressive overhang of an EEC surplus. This is the core of the case which the Australian Government has been tenaciously pursuing against the EEC in the BATT.

This case is part of an evangelical Australian campaign which is close to becoming counter-productive, because it raises such defensive hackles *among EEC member states.*

It could be particularly obstructive in the case of sugar because, having achieved its important internal reform, the *Community is on the brink of* participating in the management of the world market by joining the International Sugar Agreement.

At the moment only France and Belgium stand between a unanimous decision to hold exploratory talks on joining the ISA, but there is little possibility of Paris agreeing to do so if it seems to be under Australian duress.

Part of the difficulty of persuading the two reluctant member states stems from the fact that the ISA is such an imperfect instrument. It is designed to stabilise and, indeed, raise world prices, during periods of over-supply by imposing quotas on members' exports. The trouble is that its quotas are often not severe enough to do the job.

On some estimates (but not the European Commission's which are more conservative) the EEC will account for around 16 per cent of this year's world production of 95m tonnes, leaving it with an exportable surplus amounting to around 30 per cent of world trade of 18m tonnes.

The Community and the sugar producers are now making some effort to cut the export potential from around 5.5m tonnes to 3.5m tonnes by stockpiling together a total of 2m tonnes.

This is not simply philanthropy since 5.5m tonnes export potential is a lead weight on world prices and the further they sink from Community prices, the dearer will be the *cost of exporting. From every*one's point of view this ought to be a hopeful development because the real significance of the new sugar regime agreed earlier this year is that it gives EEC producers a true economic interest in the world price.

By means of one levy or another they are now liable for the costs of exporting the entire surplus, except for 1.3m tonnes which is the equivalent of the EEC's cane sugar imports from the African, Caribbean and Pacific countries.

This is bound to provide a useful deterrent to overproduction. The first test of its effectiveness on EEC output will be the acreage planted for next year's crop. The possibility that meeting the costs of exporting could put some producers out of business is one factor behind the recent decision to stockpile about 600,000 tonnes of "A" and "B" quota sugar which qualify for export subsidy subject to levy clawback. The producers are likely to put into store an additional 1m to 1.3m tonnes of "C" quota sugar, which attracts no export subsidy and must go at whatever price can be obtained. The exportable surplus of "C" sugar will be at least 2m tonnes so the stockpiling plan should be a significant help to the world price. It should also depress EEC production next *year since having* been carried over in stock it will count as "A" and "B" quota for 1982-1983.

The Community deserves more credit than it has been given for building financial and production disciplines into the sugar regime. But critics' complaints that it should never have allowed its surplus production to climb so high in the first place are difficult to answer. Having changed its sugar organisation, the logical next step for the EEC must be membership of the International Sugar Agreement.

Given the underdevelopment of so many sugar producing countries, ISA membership would certainly be seen as a contribution to the North-South dialogue, an argument to which France is particularly susceptible. It would also vastly increase the prospects of more *successful management of the* world market.

Membership will only be possible, however, if the ISA countries are willing to concede the EEC *a reasonable basic quota.* Assuming that all member states finally agree to negotiations, the Commission would be seeking a quota of around 3.5m tonnes—its average for the last three years. Many other world sugar producers regard this as an exhorbitant price for EEC membership. To refuse to pay it, or something close to it, will however, look suspiciously like cutting off a nose to spite a face.

The ISA could also strengthen the case for membership within the EEC by *changing its approach to basic* quotas so that they provide a more effective cushion to world prices. If the objective is to stabilise income and prospects *for all world sugar producers*, then the hope in Brussels is that this will neither be obscured by stale resentments nor fears for the future.

Farm aid plea

ADEQUATE state aid for farmers is to be urged by the *European Confederation of Agriculture* (CEA), whose annual general meeting opened in Lisbon yesterday.

Mr Michael Soupiet, chairman *of the Swiss-based international* organisation, said that farming had suffered severely from the current recession. Apart from high inflation and interest rates, *agriculture had been affected* by falling demand, increased pressure on agricultural prices and cuts in government aid programmes.

"*The consumers' organisa*tions should realise that they have no reason not to pay an adequate price for food, regardless of who the producer is."

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL PRICES moved narrowly in quiet trading on the London Metal Exchange despite the sharp decline in sterling against the dollar. COPPER was finally £941, LEAD £412, [illegible]

£8,355, 60, 57. Kerb: Standard, three months £8,360. Turnover 890 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	403.5-4	—6	403-4	—2
3 months	413-.5	—3	413.3	—.25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NICKEL—Morning: Cash £2,730, three months £2,835. Kerb: Three months £2,835. Afternoon: Three months £2,840. Kerb: Three months £2,840. Turnover 186 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

[illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GAS OIL FUTURES

[illegible]

GRAINS

The market opened unchanged but soon found some light selling and continued to drift, although barley did find some buying interest on the close, Acli reports.

[illegible]

SOYABEAN MEAL

[illegible]

WOOL FUTURES

[illegible]

521.0; Dec 526.0, 528.0, 526.0-525.5; March 532.0 534 5, untraded. Sales: 203.

SUGAR

LONDON DAILY PRICE—Raw sugar £156.00 (same) a tonne cif Oct-Nov shipments. [illegible]

POTATOES

[illegible]

RUBBER

[illegible]

COTTON

[illegible]

JUTE

[illegible]

TEA AUCTION

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

AMERICAN MARKETS

NEW YORK, Oct 12.

PRECIOUS METALS broke on failure to generate any buying interest and on strength in the dollar. Copper sold off on the weakness in sterling and on arbitrage selling. Cocoa advanced moderately on additional financing for butter stock purchases became available. [illegible]

14 10-14.20. Sales: 2,333.

Tin—703.00-709.00 (709 00-719.00).

CHICAGO, Oct 12.

Live Cattle—Oct 64.15-64.12 (64 27), Dec 65 50-65 40 (65.85), Feb 63.90-64.15, April 64.15-64.20, June 65.25, Aug 65.00, Oct 64.10.

Live Hogs—Oct 45.90-45.70 (46.55). [illegible]

EUROPEAN MARKETS

ROTTERDAM, Oct 12.

[illegible]

PARIS, October 12.

[illegible]

INDICES

FINANCIAL TIMES

Oct. 9	Oct. 8	Month ago	Year ago
260.11	259.03	260.60	278.54

(Base: July 1, 1952=100)

MOODY'S

Oct. 9	Oct. 8	Month ago	Year ago
1016.1	1013.7	1033.2	1536.6

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 9	Oct. 8	Month ago	Year ago
Spot	353.94	352.45	349.22	477.12
Fut'res	371.38	370.56	386.60	498.04

(Average 1924-25-26=100)

REUTERS

Oct. 12	Oct. 9	M'nth ago	Year ago
1649.4	1652.0	1687.3	1760.7

(Base: September 18, 1931=100)

[illegible]

GRIMSBY FISH—Supply good, demand good. [illegible]

Bumper almond crop expected

ALMOND growers expect a world harvest of more than 800m lbs (shelled weight) this year, including a record Californian crop of about 450m lbs, according to Mr Roger Baccigalupi, President of the California Almond Growers' Exchange.

This is about 48 per cent more than previously produced in any single year and would take extensive marketing expertise to develop, process, and package enough new almond products to move the crop this year, he said.

LONDON STOCK EXCHANGE

Early firmness dispelled by setback in sterling

Gilts react and share index gives up 7.2 at 491.0

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2
Oct 26	Nov 5	Nov 6	Nov 16

* "New time" dealings may take place from 9.30am two business days earlier.

The first day of a new trading Account on the London stock market began on an uncertain note, the two main investment sectors eventually closing easier after the recent recovery.

A sudden sharp reaction in sterling yesterday dampened enthusiasm about last week's fall in short-term interest rates and led to reduced hopes that clearing bank base rates might soon be lowered.

An initial improvement of around ¼ in long-dated Gilts likened to be taking the market nearer to the terms which would justify a reasonable off-take of this week's new £1bn offering of tap stock which was announced last Friday at a point or two above the ruling price level. A subsequent reaction in the wake of sterling brought quotations back and the easier trend continued after-hours; final quotations were sometimes about ¼ down on balance. The Government securities index, which did not on Friday reflect that day's further improvement in the late trade, closed 0.03 harder yesterday at 62.32.

Leading shares again followed the trend in Gilts. Occasional early demand took quotations a few pence higher, but the tone soon began to deteriorate and prices gradually drifted lower in an extremely slow trade. After the 23.5 rally in the previous Account, the FT 30-share index, marginally better at 11.00 am, ended 7.2 down at 491.0.

Oils stood out in the early firmness, but turned down with the rest following the OPEC president's reported warning of a standstill next year in crude oil prices. Elsewhere in the sectors, Properties closed with substantial losses as the market became sensitive to the change in sentiment on interest rates. Overall trading conditions were subdued and few features caught the eye. Glaxo, however, responded to the better-than-expected preliminary results with a rise of 10 at 406p.

Activity in Traded options contracted sharply and only 1,239 deals were arranged compared with Friday's 2,430. British Petroleum continued to attract a reasonable business, recording 156 calls and 115 puts.

Guinness Peat wanted

A weekend Press suggestion that the company had received bid approaches from an American insurance group and a British conglomerate sparked off a flurry of speculative activity in Guinness Peat which touched 91p before closing a net 5 up on the day at 89p. Speculative buying on revived bid hopes was in progress for Grindlays which rose steadily to finish 14 better at 210p. Discount Houses continued firmly following a Press forecast that more mergers will occur within the sector in the wake of the recent agreed link-up between Allen Harvey and Ross and Cater Ryder. Gerrard and National put on 5 to 265p and Alexanders 5 to 220p, while Clive hardened 2 to 31p. Elsewhere, London Scottish Finance advanced 6 to 43p in response to better-than-expected preliminary results. The major clearing banks drifted lower on lack of support; Barclays shed 6 to 416p and NatWest 4 to 378p.

Down 21 last week following the Board's profits warning, Hambro Life remained friendless and fell 8½ more to 328p xd. Other Insurances moved in a similar direction on sporadic small offerings and lack of support. Falls of 7 and 10 respectively were seen in Royals, 363p, and Sun Alliance, 860p, while Commercial Union, following adverse Press comment, eased 3 to 139p.

Having held close to Friday's closing levels for most of the session, leading Breweries succumbed to institutional selling in the late business and closed with falls to 8. Whitbread, 143p, Grand Metropolitan, 186p, and Bass, 196p, all gave up that amount, while Scottish and Newcastle eased a couple of pence to 47p. Among Wines and Spirits, Distillers closed 3 cheaper at 180p, but H. P. Bulmer, helped by favourable comment, added that much to 260p.

Leading Buildings encountered sporadic selling and closed with modest losses. Blue Circle eased 4 to 466p and London Brick a couple of pence to 66p. Among secondary issues, John Finlan firmed 2 to 170p in front of today's interim results and possible news of the long-running talks with an unnamed party. Pochins, annual results tomorrow, improved 10 to 240p, while John Mowlem gained 4 to 166p ahead of interim results scheduled for Thursday. Wilson (Connolly) attracted support and added 6 to 160p while Breedon and Cloud Hill Lime Works firmed 4 to 116p.

A couple of pence firmer at first, ICI drifted off to close a net 2 cheaper at 268p following a small trade. British Benzol were quoted at 20p ex the rights issue with the new nil paid shares at 6p premium. Elsewhere, Leigh Interests firmed 5 to 138p and Allied Colloids 3 to 137p.

Mothercare dull

Scrappy sellers predominated among leading Stores which closed at the day's lowest. Mothercare were particularly dull, falling 8 to 164p. Gussies "A" firm initially, reacted to end a net 7 lower at 395p xd, while Woolworth eased the turn to 47p as the market adopted a "wait-and-see" attitude towards the acquisition of the Dodge City D-I-Y chain for £20.1m. Secondary counters were irregular. Raybeck, 44p, retained an earlier gain of 2 following the annual meeting, but Carrys eased 4 to 156p after the uninspiring interim statement. Renewed speculative attention lifted Cornell Dresses 8 to 140p, and Polly Peck 12 to 312p, while Court Furnishers "A" rose 4 for a two-day gain of 12 at 72p xd. In contrast, recently firm mail-orders closed with modest losses; Empire dipped 4 to 76p in front of tomorrow's half-timer.

Hiltons Footwear remained buoyant on hopes of an offer from Ward White and closed 4½ to the good at 134p xd; Ward White eased a penny to 50p xd while proposed merger partners George Oliver gave up a couple of pence to 108p.

Trading in the same erratic manner as they did throughout last week, the popular Electrical leaders wilted after a firm start to close with falls ranging to 16. GEC ended that much off at 684p, after 705p, while Racal gave up 12 to 413p and Thorn EMI lost 10 at 440p. Plessey touched 323p before finishing a net 7 easier at 313p. Against the trend, Philips' Lamps rose 18 to 445p.

Adverse weekend comment took its toll on Hawker which fell 12 to 288p. Among the other quietly dull Engineering leaders, GKN, at 158p, lost 5 of Friday's rise of 11 which followed reports that the company is making significant inroads into the international armaments business. Elsewhere, Brasway found support at 62p, up 6, and G. M. Firth, in which Mr I. H. Wasserman holds a near-19 per cent stake, rose 7 afresh to 152p on revived speculative support.

Foods were quieter than of late, but held steady to firm. J. Sainsbury touched 455p before closing 5 higher on balance at 450p, while Northern Foods hardened a couple of pence to 150p. Associated Fisheries attracted revived speculative interest and gained 5 to a 1981 peak of 75p, while Bernard Matthews, a thin market, put on 8 to 115p. Linfood, up 20 on Friday following the bid from Argyll Foods, softened a penny to 171p.

A couple of bright spots emerged in Hotels and Caterers, Old Swan Hotel (Harrogate) jumping 7 to 74p on speculative buying fuelled by bid rumours and Comfort adding 1½ to 17½p following a Press mention.

Glaxo pleases

The better-than-expected preliminary figures from Glaxo came after the official close and took the shares up 10 to the day's best level of 406p; Beecham ended 3 dearer at 301p in sympathy. Other miscellaneous industrials reacted after a firm start and closed mixed. Boots lost 6 at 203p and Turner and Newall 3 to 81p but Reckitt and Colman improved 4 to 268p. Elsewhere, favourable Press comment prompted rises of 6 and 10 respectively in Wood Hall Trust, 149p, and Stocklake, 132p, while speculative buying on bid hopes left Maurice James 4 dearer at 28p. Demand ahead of Thursday's annual figures helped Fitzwilton to put on 5 at 37p, and E. Fogarty added 5 to 100p ahead of tomorrow's interim statement. Investment comment lifted Whatman Reeve Angel 7 to 205p and Black Arrow 3 to 34p, while Sothebys added 15 to 460p on investment buying. Extel advanced 10 to 220p and Camrex 4 to 45p but Brook Street Bureau, with interim figures due tomorrow, gave up 3 to 28p.

Paper/Printings were featured by Irish concern Jefferson Smurfitt which rose 6 to 82p on the increased mid-term earnings and confident remarks on the outlook.

Properties turned dull on reduced hopes about lower interest rates, Land Securities losing 11 to 285p and MEPC 7 to 206p. Haslemere Estates gave up 8 to 392p, Stock Conversion 13 to 330p, and Hammerson A 15 to 600p. Scattered offerings in front of today's preliminary results left Rosehaugh 8 cheaper at 275p, while Daejan lacked support and shed 10 to 342p. Among the occasional bright spots, R. Green added 3 to 74p on the higher annual profits, while Laganvale Estates attracted buyers and gained the turn to 23p.

Oils react

Firm and active recently on Middle East uncertainties, popular Oils reacted on profit-taking following a report that Opec expects crude oil prices to remain at current levels through 1982. British Petroleum, after touching 304p, closed 10 down on balance at 290p and Shell closed similarly lower at 342p, after 356p. Lasmo lost 30 to 490p. Selected secondary issues retained Press-inspired gains, Candecca rising 10 to 170p and Atlantic Resources 50 to 240p. Hunting Petroleum, interim results today, firmed 6 to 196p and Hamilton Oil gained 7 to 112p. Elsewhere, KCA International became a volatile market and touched 146p before settling a net 4 cheaper at 138p. KCA Drilling also shed 4, to 62p, after 60p.

Industrial action at the Liverpool docks prompted marked weakness in Mersey Docks and Harbour Units, 2 lower at 17½p. In contrast, revived speculative support helped Milford Docks, 10 better at 130p.

Golds move up

Movements of note among Textiles were usually restricted to special situations and company trading statements. S. Lyles advanced 9 to 71p following the increased annual profits and dividend, while Albert Martin added a penny to 24p in response to the reduced first-half deficit. Press comment lifted Shaw and Marvin 3 to 15p, while demand in a narrow market left Small and Tidmas 20 higher at 95p.

The initial weakness of sterling proved to be the dominant force in mining markets. South African Golds, in dollar terms, opened on a firm note, but subsequently drifted in quiet trading as the bullion price dipped to close $4.50 cheaper at $448.50 an ounce.

In sterling terms, however, share prices showed substantial gains, with closing prices only a fraction below the day's best. The Gold Mines index reflected the trend in sterling quotations, gaining 7.0 to 399.8.

In the heavyweights, President Brand were outstanding and put on £1⅛ to £25½ while improvements of around ¾ were common to Hartebeest, £32, Vaal Reefs, £38¾ and Western Holdings, £23⅞. Randfontein rose a like amount to £32 ahead of the results for the September quarter.

South African Financials mirrored Golds with GFSA £1½ up at £45½ and "Amgold" a point harder at £50½. The London Financials, on the other hand lost ground in line with the UK equity market.

Coppers were featured by Messina which advanced 35 to 355p following persistent Johannesburg buying in a thin market.

Shareholders' approval, over the weekend, of the merger with Malaysia Mining Corporation saw the resumption in trading in shares of Malayan Tin Dredging; the latter opened at 107p, moved up to 112p and closed at 110p compared with a pre-suspension price of 114p.

Australians were boosted by good gains in overnight Sydney and Melbourne markets, and currency considerations. The leaders showed Western Mining 7 higher at 298p. Buying in a restricted market lifted Hampton Areas 16 to 158p.

FINANCIAL TIMES STOCK INDICES

	Oct. 12	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5	A year ago
Government Secs	62.32	62.29	61.92	61.56	60.95	60.53	70.94
Fixed Interest	63.41	63.43	63.09	62.77	62.50	62.30	71.90
Industrial Ord	491.0	498.2	487.7	486.5	476.0	480.4	472.4
Gold Mines	399.8	392.8	383.0	394.7	401.6	387.0	558.9
Ord. Div. Yield	6.05	5.96	6.11	6.11	6.20	6.08	7.79
Earnings, Yld. % (full)	10.17	10.02	10.26	10.28	10.53	10.38	[illegible]
P/E Ratio (net) (*)	12.65	12.84	12.52	12.52	12.22	12.36	[illegible]
Total bargains	17,786	20,060	18,150	20,056	16,360	17,380	18,519
Equity turnover £m.	—	153.74	111.77	133.16	103.03	112.81	103.45
Equity bargains	—	15,120	18,984	12,863	13,643	13,228	16,468

10 am 495.9. 11 am 495.9. Noon 495.9. 1 pm 495.5. 2 pm 493.7. 3 pm 493.7.

Latest Index 01-246 8026.

* Nil=11.24.

Basis 100 Govt. Secs. 15/11/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS / S.E. ACTIVITY

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low		Oct. 12	Oct. 9
Govt. Secs.	70.61 (5/1)	60.45 (29/9)	127.4 (9/1/35)	49.18 (3/1/75)	—Daily Gilt Edged Bargains	255.2	236.1
Fixed Int.	72.01 (5/1)	61.94 (29/9)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	98.0	84.1
					Value	310.7	335.8
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)	5-Day Average Gilt Edged Bargains	219.8	205.4
Gold Mines	429.0 (14/9)	262.6 (25/6)	558.9 (22/9/80)	43.5 (26/10/71)	Equities Bargains	85.9	86.1
					Value	246.3	221.1

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (11)

CHEMICALS (2)
Halstead (J.) — Hoechst

STORES (2)
Heelamat — Hiltons Footwear

FOODS (1)
Assoc. Fisheries

INDUSTRIALS (4)
Courtney, Pope — Moss (Robert)
Elliott Group Peterborough — Whatman Reeve Angel

TEXTILES (1)
Lyles (S.)

MINES (1)
Cons. Modderfontein

TRUSTS (4)
Altifund Inc. — Throgmorton Growth
Jove Inv. Inc — Triplevest Inc.

MINES (1)
Nickelore

NEW LOWS (9)

STORES (1)
Brit. Home Stores

INDUSTRIALS (3)
Brook St. Bureau — Wade Potteries
Ozalid

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	33	7	52
Corpns. Dom. and Foreign Bonds	9	2	59
Industrials	357	219	794
Financial and Props	145	113	245
Oils	43	23	37
Plantations	2	1	20
Mines	75	15	77
Others	75	33	86
Totals	739	413	1,370

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Oct. 12, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Oct. 9 Index No.	Thurs., Oct. 8 Index No.	Wed., Oct. 7 Index No.	Tues., Oct. 6 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	326.32	−1.1	10.79	4.87	11.46	329.84	323.43	320.93	315.79	279.62
2	Building Materials (25)	284.44	−0.8	15.97	6.04	7.13	286.62	281.06	277.02	273.31	245.72
3	Contracting, Construction (28)	511.30	+1.2	18.56	5.58	6.26	505.34	499.07	491.44	491.83	413.39
4	Electricals (30)	1083.38	−1.8	8.42	2.65	14.82	1103.41	1080.92	1081.63	1055.81	872.83
5	Engineering Contractors (9)	450.84	+0.3	14.37	6.10	8.21	449.68	446.52	438.48	442.00	338.30
6	Mechanical Engineering (66)	181.20	−1.2	12.23	6.20	10.61	183.44	180.33	178.33	176.05	173.98
8	Metals and Metal Forming (13)	157.12	−0.6	9.17	7.54	14.77	158.08	152.92	150.58	148.37	153.95
9	Motors (21)	91.18	−1.4	—	7.40	—	92.52	90.87	90.72	89.38	96.10
10	Other Industrial Materials (18)	355.06	−0.5	9.30	6.36	13.09	356.75	349.01	343.93	339.08	0.00
21	CONSUMER GROUP (197)	257.45	−1.1	13.58	6.29	9.08	260.19	254.79	252.96	249.21	232.08
22	Brewers and Distillers (20)	261.85	−3.0	17.13	7.39	7.03	270.03	265.41	264.52	261.77	273.84
25	Food Manufacturing (21)	250.95	−0.1	15.93	6.71	7.57	251.09	246.18	242.65	240.88	214.54
26	Food Retailing (15)	522.12	+0.1	9.55	3.52	12.54	521.52	510.52	506.38	502.50	375.91
27	Health and Household Products (7)	328.78	+1.8	8.41	4.49	14.20	323.10	312.79	313.88	306.13	221.69
29	Leisure (24)	410.08	−1.3	9.93	5.36	12.49	415.48	399.67	393.43	386.79	339.75
32	Newspapers, Publishing (12)	436.55	−1.0	14.09	6.88	10.17	440.99	442.04	442.38	439.01	430.91
33	Packaging and Paper (13)	130.48	−0.2	14.78	8.16	8.18	130.74	128.28	126.46	123.52	118.72
34	Stores (45)	229.54	−1.8	12.57	5.79	10.62	233.83	230.56	228.99	224.75	230.05
35	Textiles (23)	145.24	+0.9	8.66	6.33	16.10	143.97	141.88	142.21	139.06	118.41
36	Tobaccos (3)	248.93	−2.7	22.84	10.46	5.04	255.84	249.81	248.64	243.10	214.83
39	Other Consumer (14)	250.91	−0.3	9.02	6.91	16.94	251.61	251.77	247.75	249.97	0.00
41	OTHER GROUPS (80)	212.44	−0.1	11.68	6.69	10.96	212.71	208.78	207.66	204.04	214.85
42	Chemicals (16)	274.01	−0.3	5.89	6.55	28.27	274.86	267.90	269.00	260.68	290.48
44	Office Equipment (5)	99.01	+0.1	17.25	8.64	6.97	98.90	97.47	96.81	96.62	101.81
45	Shipping and Transport (13)	474.39	−0.2	22.34	7.73	5.33	475.42	473.43	468.44	458.21	558.76
46	Miscellaneous (46)	277.95	+0.1	13.56	6.09	8.95	277.77	273.24	269.40	268.43	275.52
49	INDUSTRIAL GROUP (487)	274.65	−0.9	12.28	5.88	10.10	277.26	271.73	259.78	265.57	247.39
51	Oils (13)	671.68	−2.8	21.20	8.40	5.34	691.08	676.71	686.79	680.84	889.15
59	500 SHARE INDEX	306.85	−1.3	13.85	6.26	8.73	310.82	304.56	303.59	299.23	298.14
61	FINANCIAL GROUP (119)	245.91	−1.1	—	6.18	—	248.53	244.80	243.28	240.57	247.64
62	Banks (6)	259.51	−0.7	34.41	7.25	3.42	261.28	255.71	253.81	252.75	253.01
63	Discount Houses (10)	253.02	+1.5	—	8.96	—	249.32	239.99	230.95	232.16	288.38
64	Hire Purchase (3)	223.12	+0.5	13.94	8.29	9.93	222.02	215.56	206.67	206.12	230.23
65	Insurance (Life) (10)	257.06	+0.2	—	6.21	—	256.63	256.36	258.09	257.28	254.23
66	Insurance (Composite) (10)	160.57	−1.6	—	8.34	—	163.17	161.56	160.77	157.60	168.54
67	Insurance Brokers (8)	406.19	−0.8	11.37	5.94	11.96	409.48	409.78	410.73	401.32	338.76
68	Merchant Banks (13)	146.84	+0.2	—	5.48	—	146.53	145.45	144.51	145.21	147.43
69	Property (50)	429.38	−2.3	4.47	3.31	30.27	439.69	428.99	424.90	417.22	461.91
70	Miscellaneous (9)	169.44	+0.7	19.14	6.53	6.35	168.18	166.29	163.02	163.01	153.61
71	Investment Trusts (110)	283.15	−0.1	—	5.65	—	283.40	279.83	275.67	272.43	274.21
81	Mining Finance (3)	253.60	−1.1	13.64	5.61	8.81	256.46	244.88	240.27	240.84	272.19
91	Overseas Traders (18)	415.64	+0.3	11.36	7.18	11.19	414.60	405.85	402.50	395.69	454.66
99	ALL-SHARE INDEX (750)	295.21	−1.1	—	6.21	—	298.58	292.77	291.29	287.43	290.36

FIXED INTEREST

	PRICE INDICES	Mon., Oct. 12	Day's change %	Fri., Oct. 9	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	105.67	+0.03	105.63	—	7.82
2	5-15 years	99.96	+0.07	100.07	0.18	10.67
3	Over 15 years	102.36	+0.15	102.21	—	10.50
4	Irredeemables	109.94	—	109.94	—	9.85
5	All Stocks	102.31	+0.06	102.28	0.06	9.60
6	Debentures & Loans	78.15	+1.11	77.98	0.70	8.88
7	Preference	58.59	+0.19	58.85	0.39	6.14

	AVERAGE GROSS REDEMPTION YIELDS		Mon., Oct. 12	Fri., Oct. 9	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	13.43	13.44	11.52
2		15 years	13.94	13.96	11.51
3		25 years	13.96	13.98	11.51
4	Medium Coupons	5 years	15.74	15.74	12.91
5		15 years	15.76	15.76	13.16
6		25 years	15.24	15.27	12.91
7	High Coupons	5 years	15.68	15.67	13.09
8		15 years	15.92	15.93	13.36
9		25 years	15.52	15.54	13.10
10	Irredeemables†		13.71	13.70	11.13
11	Debs & Loans	5 years	16.50	16.40	14.04
12		15 years	16.67	16.82	13.93
13		25 years	16.68	16.85	13.81
14	Preference†		16.82	16.77	14.67

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Beecham	201	+3	Land Securities	285	−11
BP	290	−10	Lex Service	92	−6
Finlay (James)	88	+3	LASMO	490	−30
GEC	684	−16	Messina	355	+35
Glaxo	406	+10	Plessey	313	−7
KCA Int.	138	−4	Racal Electronic	413	−12

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price change	Friday's closing price pence	Day's change	Stock	No. of price change	Friday's closing price pence	Day's change
Glaxo	27	396	+14	KCA Intl	19	142	+16
GEC	23	700	+12	Plessey	18	320	+9
Brit. Arrow	22	51½	+5½	GKN	17	163	+11
ICI	22	268	+8	Finlan (John)	16	168	+6
Racal Elec.	20	425	+13	Fitch Lovell	16	77	+4
Ultramar	20	475	+22	Granada A	16	220	+16
FNFC	19	31	+3	Tricentrol	16	252	+8

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 5	Oct 16	Jan 7	Jan 18
Oct 19	Oct 30	Jan 21	Feb 1
Nov 2	Nov 13	Feb 11	Feb 22

For rate indications see end of Share Information Service

Call options were arranged in Premier Oil, KCA International, Provident Financial, Crest Nicholson, Woodside, Raybeck, Town and City Properties, ICL, FNFC, Burton, Tubes, Gulf Stream Resources, Spargos, Muirhead, Wheelock Marden A, Ultramar, Marks and Spencer, Distillers, Hawker Siddeley and Howard Tenens. Puts were taken out in Burmah, GKN, Bowater, Tubes, GEC, ICI and Premier Oil. Doubles were struck in Woodside, Ultramar, Town and City Properties, Burmah and FNFC.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
185	F.P.	—			✠Edinburgh Secs	212	.....	—	—	—	—
110	F.P.	—	133	120	Habitat	130	−8	u3.6	1.4	4.0	24.3
25	F.P.	18/9	28	24	JapanAssets Trust 10p	25	—	—	—	—	—
63	F.P.	2/10	56½	43	Jeavons Eng.	43	.....	b5.75	1.7	12.5	5.6
28	F.P.	30/10	30	24	✠Lon. Private Health	29	.....	—	—	—	—
‡100	F.P.	30/10	103	97	MarineAdv.SailTst. £1	97	.....	—	—	—	—
$10	F.P.	—	US10½	US$9½	M'IsOils&Res.Shs.Fd.I.	US10½	.....	—	—	—	—
—	F.P.	—	180	148	Nippon Electric	155	.....	Q3252	2.9	1.0	54.3
100	F.P.	26/10	105	94	Precious Metals Tst.	105	.....	—	—	—	—
—	F.P.	18/9	14	10	Stewart Ent. Warrs.	11	.....	—	—	—	—
52	F.P.	28/8	120	98	St'ckhold'rsF.E.Inv 5l	98	.....	—	—	—	—
66	F.P.	16/10	92	75	✠Thorpac	88	.....	b1.82	3.7	3.0	11.8
—	F.P.	16/10	165	155	✠UtdFrd'lyIns.B.R.V.	158	.....	h6.25	—	5.7	—
‡15	F.P.	25/9	17½	7	✠WillaureSystems 10p	10	.....	—	—	—	—
**	F.P.	11/9	15	6	Do. Rest. Div. 10p	6	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price	+ or −
**	F.P.	—	127	110	Amal Dist. Products 10 Cv. Ln. '97	115	.....
‡	Nil	—	½pm	½pm	Austin (F.) Leyton 11½% PtlyCnv.Red 1994	½pm	.....
100	£40	20/10	38⅞	37½	Birmingham Drop Lock '86/93	38½	−⅛
**	F.P.	—	99½	92	Hawley Leisure 12% Cum. Pref.	93½	+1½
‡100	F.P.	—	100⅛	98	Nat'wide Bdg Society 14½% Bds (25/8/82)	98½	.....
‡100	F.P.	—	99¾	98¾	Do. 15¼% Bds (28/9/82)	99¼	.....
100	£10	—	101	100¼	Portsmouth 10% Prf. 1986	101	+⅛
—	—	—	3p	½p	Sterling Credit Warrants	2½p	−½
97.35	£30	—	29⅔	27	Utd. Mexican States 16½% Ln. 2008	29⅓	.....
‡100	F.P.	24/9	101½	100½	York Waterworks 10% Red. Pref. '85	101	+¼

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
60	F.P.	24/9	15/10	84	62	Amal. Dist. Products	76	.....
10	F.P.	9/10	11/11	15½	10¼	Astra Ind.	12	+1
225	F.P.	2/10	6/11	269	225	BICC	238	−1
14	Nil	—	—	6pm	6pm	British Benzol	6pm	.....
275	125p	15/7	2/12	182	104	BP	146	−6
76	F.P.	13/10	12.11	78½	74	Brown (J)	74	.....
182	Nil	—	—	9pm	½pm	Foseco Minsep	8½pm	−½
90	Nil	21/10	26/11	11pm	½pm	Heelamat	11pm	+2
12½	F.P.	9/10	18/9	30½	20	Jantar	20	.....
110	F.P.	7/9	19/10	135½	106	Laird Grp.	115	.....
107	F.P.	30/9	8/1	121	98	Morgan Crucible	104	.....
112	F.P.	25/9	6/11	125	108	Trusthouse Forte	115	.....
360p	F.P.	9/9	9/10	550	359	Utd. Scientific	487	+5
250	Nil	22/10	19/11	52pm	12pm	Viner's Unitst	20pm	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ☆ Effective issue price after scrip. † Comprising 8 Ordinary and 3 Warrants.

OFFSHORE & OVERSEAS—contd.

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	247.6	260.6	.....	4.16

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Sept. 30	154.35		.....	6.74
Wider Fund Sept. 30	254.35		.....	5.45
Narrower Fd. Sept. 30	69.25		.....	14.74

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	69.9	74.8	-0.4	2.34
(Accum. Units)	75.6	80.9	-0.5	2.34
American Recovery	76.7	82.1	-0.2	1.65
(Accum. Units)	78.3	84.8	-0.2	1.65
Australasian	89.4	95.7	+1.2	1.48
(Accum. Units)	94.0	100.6	+1.3	1.48
Commodity	126.5	135.4	+1.3	3.41
(Accum. Units)	150.3	160.8	+1.5	3.41
Compound Growth	174.1	189.8	+1.8	3.34
Conversion Growth	115.8	123.1	.....	2.86
Conversion Income	73.4	78.5	+1.6	9.56
Dividend	126.9	135.8	+1.1	9.97
(Accum. Units)	290.4	310.7	+2.6	9.97
European	60.6	64.8	+0.7	3.80
(Accum. Units)	67.4	72.1	+0.8	3.80
Extra Yield	78.3	84.6	+0.3	10.13
(Accum. Units)	132.0	142.6	+0.7	10.13
Far Eastern	106.8	115.3	+1.4	1.55
(Accum. Units)	122.9	132.7	+1.6	1.55
Fund of Inv. Tsts.	88.8	96.0	+0.8	4.89
(Accum. Units)	121.2	132.1	+1.1	4.89
General	226.0	243.0	+2.3	6.26
(Accum. Units)	399.2	429.1	+4.0	6.26
Gilt Income	43.6	45.8	.....	12.80
(Accum. Units)	46.3	48.6	.....	12.80
High Income	106.7	114.2	+1.0	9.61
(Accum. Units)	220.2	235.6	+2.1	9.61
Japan	182.8	195.4	+3.0	0.68
(Accum. Units)	192.3	205.6	+3.2	0.68
Magnum	324.0	346.7	+3.0	5.43
(Accum. Units)	464.3	498.2	+4.2	5.43
Midland	157.6	168.6	+0.8	9.03
(Accum. Units)	311.1	332.9	+1.5	9.03
Recovery	118.1	126.4	+0.5	4.97
(Accum. Units)	134.2	143.6	+0.6	4.97
Second General	243.8	262.1	+2.3	5.47
(Accum. Units)	413.3	444.3	+3.8	5.47

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	172.1	125.0	+1.2	2.50
(Accum. Units)	222.8	239.9	+1.5	2.50
Income Fnd.	221.5	238.1	+0.4	8.12
(Accum. Units)	391.0	420.4	+0.8	8.12
Geo.	130.7	140.5	+1.1	4.33
(Accum. Units)	179.7	193.2	+1.5	4.23
Europe	22.8	24.5	-0.2	2.66
(Accum. Units)	27.6	29.9	+0.3	2.05
Smaller Co.'s	149.5	160.7	+3.3	2.59
American	53.3	57.3	-0.1	0.23
(Accum. Units)	53.3	57.3	-0.7	0.28
Tokyo	55.3	59.4	+1.9	0.21
(Accum. Units)	55.3	59.4	+1.9	0.21
Gilt & Fixed	42.7	44.9	.....	12.31
(Accum. Units)	44.9	47.2	.....	12.31
Australian	51.5	55.9	+0.5	2.62
(Accum. Units)	51.8	56.3	+0.5	2.88
Singapore & Malay	—	—	.....	—
(Accum. Units)	—	—	.....	—
*Ph.&C. Fd. Sept. 22	261.4	259.5	.....	4.72
*Recovery Sept. 29	270.7	281.0	.....	4.56
*Spec. Ex. Sept. 15	491.1	517.7	.....	2.19
Euro.Except. Oct. 8	110.0	119.3	.....	3.03

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 8844

Equity Trust Accum.	98.1	106.0	+1.4	5.60

Scottish Equitable Fund Mgrs. Ltd.
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	59.5	63.3	.....	5.45
Accum. Units	78.3	83.3	.....	5.45

Dealing day Wednesday.

For Sebag see Carr, Sebag Unit Trust Managers.

For Security Selection see McAnally Fund Management.

Scottish Widows' Fund Management
P.O. Box 902, Edinburgh EH16 5BU 031-655 6000

Pegasus Tst. Oct. 9	84.9	91.2	+0.5	—

SIMCO Money Funds
66, Cannon Street, EC4N 6AE 01-236 1425

SIMCO Call Fund†	100.0	—	.....	15.55
SIMCO 7-Day Fund†	100.0	—	.....	15.52
SIMCO $ Fd. (7 day)†	US$10.00	—	.....	13.73

†Unauthorised—Cash Deposit Funds.

INSURANCE & PROPERTY

OFFSHORE & OVERSEAS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
99	99⅛	Treas. Variable '81‡‡	99xd	.....	—	15.71
100	99½	Exch. 12¼pc 1981‡‡	99	+	12.80	15.40
98⅝	95	Treas. 8½pc '80-82‡‡	98⅝	.....	8.64	14.61
96⅛	91⅞	Treasury 3pc '82‡‡	96¼	.....	3.10	12.81
107	99	Treasury 14pc '82‡‡	99⅞	.....	14.02	14.30
99	98	Treas. Variable '82‡‡	99⅝	.....	15.36	15.72
96	93	Treasury 8¼pc '82	95½	.....	8.63	14.86
96	93	Exch. 9¼pc 1982	95⅛	.....	9.72	14.79
95¼	92⅝	Exch. 8¼pc 1983	94⅞	.....	9.27	13.76
92¼	84⅞	Exch. 3pc 1983	90	.....	3.33	11.09
99	95	Treasury 12pc 1983‡‡	96⅜	.....	12.45	14.91
99½	96¼	Treas. Variable '83‡‡	99⅜	–	15.40	15.69
91	90⅛	Treasury 9¼pc '83	91½	.....	10.10	14.84
101	95¼	Exch. 13½pc '83	96½	..	13.99	15.42
94⅛	89¼	Exch. 10pc 1983	90½	.....	11.04	15.25
88	83½	Funding 5½pc '82-84‡‡	84½	.....	6.50	13.66
96¼	90⅛	Exch. 11¼pc 1984	91⅞	...	12.24	15.42
103	95¼	Exchequer 14pc 1984	96⅞	.	14.45	15.45
82⅛	77¼	Exch. 3pc 1984	78		3.85	12.95
98⅛	90½	Treasury 12pc 1984	92⅝	.	12.95	15.17
107¼	97⅝	Treasury 15pc 1985	98¼	–⅛	15.18	15.42
98⅞	89	Exch. 12pc Cnv. '85	90⅞	..	13.20	15.53
76	71	Treasury 3pc 1985	72	.....	4.17	12.96
96	86⅝	Treasury 11½pc 1985	88¼	.	13.03	15.71
98⅞	88⅛	Exch. 12¼pc 1985	89¼	+⅛	13.64	15.68
97⅛	86⅝	Exch. 11¾pc '86	87⅞	.....	13.39	15.68
70	65¼	Treasury 3pc 1986	66¼	..	4.49	12.78
97	86⅝	Treasury 12pc '86	87⅞	...	13.67	15.77
88⅛	79¼	Treasury 8½pc '84-86‡‡	80½	...	10.55	14.27

Five to Fifteen Years

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
103⅞	94⅞	Exch. 13¼pc 1987	95⅞	–⅛	14.26	15.22
81⅛	71½	Funding 6½pc '85-87‡‡	73¼xd	...	8.83	13.42
99½	83⅝	Treas. 12pc 1987	84⅝xd	.....	14.07	15.88
81⅛	73¼	Treasury 7¾pc '85-88‡‡	75½	.....	10.49	14.15
65½	58⅝	Transport 3pc '78-88	60⅝	..	5.02	11.85
92⅞	79½	Treasury 11½pc 1989	82⅞	–⅛	14.19	15.95
67¼	59¾	Treasury 5pc '86-89	61⅞xd		8.08	12.73
101½	88⅝	Treasury 13pc 1990‡‡	91½	–⅛	14.72	15.52
95	81⅝	Exch. 12½pc 1990	84⅛	–⅛	14.87	16.02
80⅞	71⅛	Treasury 8¼pc '87-90‡‡	73½	+⅛	11.66	14.20
93⅛	79⅝	Treasury 11¾pc 1991	82½	–⅛	14.79	16.06
66⅞	57⅛	Funding 5¾pc '87-91‡‡	59⅛	.	9.74	13.56

Over Fifteen Years

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
92½	76⅜	Treasury 11¼pc 03-07	80	+¼	15.19	15.27
103⅛	84¼	Treas. 13½pc '04-08	88½	+⅜	15.36	15.41
50⅝	41⅛	Treasury 5½pc '08-12‡‡	43¾	+⅛	12.86	13.20
66¼	55⅝	Treasury 7¾pc '12-15‡‡	58	+⅛	13.75	13.86
98⅛	81¼	Exch. 12pc '13-'17	85¼	+¼	14.77	14.78

Undated

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
33¼	27⅞	Consols 4pc	28½	.....	14.44	—
32¼	25¼	War Loan 3½pc‡‡	26¼	.....	13.74	—
37⅝	30½	Conv. 3½pc '61 Aft.	31⅝	.....	11.11	—
25	20⅛	Treasury 3pc '66 Aft	20⅞	.....	14.42	—
21⅛	17⅜	Consols 2½pc	18⅛	....	13.84	—
21	16¾	Treasury 2½pc	17½	.....	14.35	—

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
99⅝	91	Finland 14½pc Ln 1986	93½xd	+½	15.50	16.60
92¼	87	Int. Bank 5pc '77/82	92	+¼	5.43	15.17
99	90½	Do. 13½pc Ln 1986	92¼	+¼	14.63	15.96
100	89½	Sweden 13½pc 1986	91½	+¼	14.75	16.25

CORPORATION LOANS

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
93½	84¼	Bath 11¼pc 1985	86½	.....	13.01	16.00
98	89	Birm'ham 12½pc 1985	90¾	.....	13.77	15.88
102	90¾	Burnley 13pc 1987	94	.....	14.51	15.85
95½	80½	Cardiff 11pc 1986	83¾xd	.....	13.03	15.58
100⅛	97⅜	G.L.C. 12½pc '82	98⅛	.....	12.74	15.64
99	93½	Do. 12½pc 1983	95	.....	13.16	15.69
95⅛	92½	Glasgow 9¼pc '80-82	93¾	.....	9.87	15.56
75½	68	Herts 6¾pc 1985-87	70	.....	9.81	14.91
98¾	79¾	Leeds 13½pc 2006	84xd	.....	16.07	16.20
91½	86	Liverpool 9¾pc '80-84	87½	.....	11.14	15.75
26	21½	Do. 3½pc Irred.	23xd	.....	15.49	—
100½	94½	Lon. Corp. 13¼pc '83	95½	.....	13.86	15.78
88¼	85	Do. 9¼pc '84-85	85¾	.....	10.74	13.95
80½	78½	LCC 5½pc '82-84	79¼	.....	6.94	14.66
71¼	63¾	Do. 5½pc '85-87	66¼	.....	8.44	14.79
70¼	59	Do. 6¾pc '88-90	60½	.....	11.46	15.46
23¾	18¾	Do. 3pc '20 Aft.	20¼	.....	15.21	—
97¼	89¾	Sunderland 12¾pc 1984	90¾	.....	13.54	16.00

COMMONWEALTH AND AFRICAN LOANS

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
97½	92¼	Aust. 5½pc '81-82	95¾		5.75	15.07
87½	83½	Do. 6pc 1981-83	86½	–⅛	7.11	14.69
67¼	58	N.Z. 7¼pc 1988-92	60	.	12.48	15.31
81¾	74	Do. 7½pc '83-86	76½	+½	10.10	15.39
141	115	S. Rhod. 2½pc Non-Ass.	132	.	—	—
61	43	Do. 3½pc 80-85 Assd	53	..	6.64	21.40
43	26	Do. 4½pc 87-92 Assd	33	...	13.97	20.40
395	323	Zimbabwe Ann (£100pa)	330xd	.	—	23.77

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	45	......	Q2.5c	—	3.5
41	14	ACM 20c	27	+2	—	—	—
21	10	Argosy Gold NL 25c	10	......	—	—	—
229	134	Bond Corp.	138	......	Q10c	2.3	4.5
112	70	Bougainville I Kina	86	+4	‡Q25.4c	1.0	‡
302	194	CRA 50c	212	+4	Q19c	1.7	5.5
25	10½	Canada Northwest	12	......	—	—	—
35	13	Carr Boyd 20c	17	+1	—	—	—
415	43	Central Pacific	60	+2	—	—	—
35	9	Cons. Gold Min. N.L. 50c	9	......	—	—	—
47	13	Cultus Pacific N.L.	21	+2	—	—	—
68	22	Eagle Corp. 10c	34	......	—	—	—
40	26	Endeavour 20c	26#	......	—	—	—
560	310	G. M. Kalgoorlie 25c	535	+10	Q32½c	ϕ	3.7
25	8	Great Eastern	9	......	—	—	—
185	80	Greenbushes Tin 50c	90	......	Q6c	1.9	4.1
275	140	Hampton Areas 10p	155	+10	2.5	3.1	2.3
168	36	Haoma Gold N.L.	38	......	—	—	—
85	20	Intl. Mining	27	−3	—	—	—
118	29	Jimberlana (50cFP)	32	......	—	—	—
15	10	Kalbara Min 20c	11	......	—	—	—
245	135	Kitchener NL 25c	185	+5	—	—	—
105	20	Leichardt Expln.	22	......	—	—	—
430	275	Meekatharra	390	−10	—	—	—
70	40	Metals Ex. 50c	51	+3	¶Q3c	ϕ	3.6
38	20	Metramar Mins. 20cts	23	......	—	—	—
20	10	Mid East Mins. NL	12	+½	—	—	—
290	190	M.I.M. Hldgs. 50c	245	+4	Q15c	ϕ	3.8
21	7½	Minefields Expl 25c	9	−½	—	—	—
20	13	Newmetal 20c	16	......	—	—	—
69	40	Nickelore N.L.	40	−1	—	—	—
204	149	North B. Hill 50c	173	+3	Q18c	ϕ	6.5
84	50	Nth. Kalgurli	80	+1	—	—	—
200	94	Nth. Mining Corp.	176#	......	♦—	—	—
122	26	N. West Mining N.L.	29	+2	♦—	—	—
150	106	Oakbridge 50c	122	......	Q6½c	ϕ	3.3
185	90	Oilmin N. L.	100	......	—	—	—
188	116	Pacific Copper	122	......	—	—	—
*423	140	Pancont'l 25c	144	......	—	—	—
88	42	Paringa M&Ex.5p	72	......	♦—	—	—
525	375	Peko-Wallsend 50c	400	......	Q15c	—	2.3
43	16	Pelsart Res NL	17	......	—	—	—
120	58	Seltrust A.	66	......	—	—	—
157	18	Southern Pacific	28	+1	—	—	—
100	40	Swan Resources 20c	53	......	—	—	—
316	75	Vultan Mins 20c	85	−5	—	—	—
18½	8	West Coast 25c	10½	......	—	—	—
130	90	Westn. Cont 50c	95	......	—	—	—
335	227	Westn. Mining 50c	298	+7	Q14c	ϕ	2.9
27	14	Westmex	14	......	—	—	—
76	38	Whim Creek 20c	48	......	—	—	—
101	26	York Resources	32	+2	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	8½	Amal Nigeria 1p	9	......	‡‡6.0	—	—
300	210	Ayer Hitam $M1	210	......	‡Q205c	1.0	‡
210	98	Geevor	165	......	—	—	—
11	8	Gold & Base 12½p	9	......	—	—	—
660	475	Gopeng Cons.	475	......	‡30.0	1.8	‡
450	310	Hongkong	320	......	21.0	ϕ	9.4
160	110	Idris 10p	155#	......	‡9.0	0.8	‡
*29	10	Jantar 12½p	20	......	t1.5	4.0	10.7
98	63	Kamunting $M0.50	63	......	Q27½c	0.8	0.0
665	363	Killinghall $M1	490	−10	hQ66.7c	ϕ	3.1
114	88	Malay Dredging 10c	110	......	ϕhQ38c	0.9	7.7
68	30	Pahang	30	......	‡0.63	0.3	‡
118	90	Pengkalen 10p	105	−2	3.5	0.6	4.8
380	290	Petaling $M1	290	......	‡Q180c	1.4	‡
25	19	South Crofty 10p	24#	......	—	—	—
225	185	Sungei Besi $M1	195	......	Q310c	1.1	35.9
185	90	Supreme Corp. $M1	90	......	gQ15½c	ϕ	3.9
118	100	Tanjong 15p	100	......	3.5	3.7	5.0
90	60	Tongkah H. Tin $M	60	......	Q23%	0.4	7.7
410	220	Tronoh $M1	220	......	‡Q110c	1.2	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	355	+35	†Q45c	4.7	8.9

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	35	Anglo-Dominion	45	......	—	—	—
25½	13	Burma Mines 10p	13	......	0.75	0.9	8.2
330	85	Colby Res. Corp.	145	......	—	—	—
330	200	Cons. Murch. 10c	270	......	tQ30c	1.8	6.4
10	6	††Explaura Gold	10	......	—	—	—
98	47	††Hemerdon 10c	62	......	—	—	—
180	65	Highwood Res.	95	......	—	—	—
505	260	Northgate C$1	310	......	—	—	—
633	372	R.T.Z.	507	−8	16.0	2.3	4.5
£130½	£93½	Do. [illegible]	£111½	−½	Q9½%	—	f8.7
103	13	††SPO Minerals 10p	26	......	—	—	—
47	20	Sabina Inds. C$1	22	+2	—	—	—
44	21	††SWCM 10p	26	......	—	—	—
585	465	Tara Exptn. $1	550	+3	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- * "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ϕ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	41	−1	Conv. 9% '80/82	£92	......
Bertrams	8	......	Nat. 9¾% 84/89	£68⅝	......
Bdg'wtr. Est. 50p	405	......	Fin. 13% 97/02	£72⅝	......
Craig & Rose £1	£13	......	Alliance Gas	45	......
Finlay Pkg. 5p	21½	......	Arnott	212	......
Graig Ship. £1	£21	......	Carroll (P.J.)	74	......
Higsons Brew	63	......	Concrete Prods.	90	......
Holt (Jos) 25p	515	......	Heiton (Hldgs.)	26	......
I.O.M. Stm. £1	150	......	Irish Ropes	42	......
Pearce (C. H.)	740	......	Jacob	64	......
Peel Hldgs.	102	......	T.M.G.	16	+1
Sheff. Refrshmt	90	......	Unidare	60	......
Sindall (Wm.)	190	......			

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	18	Vickers	18
BOC Intl.	11	"Imps"	5	Woolworths	5
B.S.R.	7	I.C.L.	4		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	30
Boots	18	"Lofs"	3½	MEPC	20
Bowaters	19	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	20	"Mams"	11	Town & City	2¾
Brown (J.)	8	Mrks. & Spncr	10		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	8	N.E.I.	8	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	30	Burmah Oil	11
Debenhams	7	P & O Dfd.	10	Charterhall	6
Distillers	17	Plessey	25	KCA	12
Dunlop	7½	Racal Elect.	34	Premier	6
Eagle Star	25	R.H.M.	5	Shell	28
F.N.F.C.	3½	Rank Org. Ord.	18	Tricentrol	25
Gen. Accident	30	Reed Intnl.	25	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	16	Thorn EMI	30	Charter Cons.	21
G.U.S. 'A'	44	Trust Houses	15	Cons. Gold	40
Guardian	30	Tube Invest.	18	Lonrho	7
G.K.N.	12	Turner & Newall	10	Rio T. Zinc	45
Hawker Sidd	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

FINANCIAL TIMES

Tuesday October 13 1981

BL to close three plants

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL TOLD its unions yesterday it intends to close three more plants and sell off a fourth to a consortium from its management team.

The closures, to take place over the next year, will involve about 3,000 jobs.

The group claimed that shutting the two major plants, the Coventry Engines factory and the Speke body facility on Merseyside, would cut its fixed costs by £8m a year.

The other factories affected are Alford and Alder, based at Hemel Hempstead, Herts, which makes front axles for trucks, and Rearsby Components of Leicester which produces brake parts and other components.

BL said it had accepted an offer for Rearsby from a consortium from the plant's management team.

The future of Coventry Engines, where 1,500 people are employed making diesel engines and components, and the Speke plant, where 900 jobs are to go, has been under review since last May.

BL said that over the period to June 1982 the work being done by Speke would be transferred to Longbridge and Swindon.

Similarly the Coventry Engines operations will be transferred to other BL Cars' facilities.

The group claimed the switch would preserve 1,000 other jobs within BL Cars.

Mr Grenville Hawley, Transport and General Workers' Union National Automotive Secretary, said after the four-hour meeting with BL management: that while the unions wanted more information from the company, the closure plans would not alter by "one iota" the union's position over the planned call for a pay strike on Friday.

BL has already cut its labour force by 14,000 this year and on July 1 employment stood at 129,000 against nearly 200,000 in 1978 when the new management team under Sir Michael Edwardes took over.

Sir Michael has said the workforce would be reduced further to about 100,000 by the latter part of 1982 when the group might begin re-hiring.

U.S. steel producers condemn dumping

By Alan Pike in Toronto

U.S. steel producers yesterday expressed strong fears that cheap products from Europe and elsewhere are being dumped in their market. The charges came at the opening of the International Iron and Steel Institute conference in Toronto yesterday.

Mr Frederick Jaicks, chairman of the seventh largest producer of steel in the U.S., Inland Steel of Chicago, and this year's chairman of the IISC, used his inaugural address to launch a sharp attack on overcapacity in the EEC and defend the U.S. industry's right to protect itself against "the impact of dumped or subsidised imports."

Europe was, he suggested the biggest distorting factor in world steel trade, with its producers often appearing to support cuts in capacity and government subsidies "provided that they are applied to some other nation's industry."

Steel companies exporting to the U.S. are faced with the threat of renewed anti-dumping law suits from the end of this month because U.S. producers believe that the trigger price mechanism, introduced last year in an effort to control cheap imports, has failed. Under this mechanism, a U.S. official investigation is automatic if the price of imported steel falls below a certain level.

Mr Jaicks said yesterday that he believed preservation of the trigger price mechanism "fragile though it may be"—was preferable to individual legal actions on dumping. But this view is not shared by other U.S. steel companies.

Mr David Roderick, chairman of United States Steel, the country's largest producer, said that he expects to file anti-dumping suits on October 29—the first possible date under U.S. legal processes—and his company is likely to be joined by other leading American steel companies.

In his address Mr Jaicks said that the uneconomic expansion of steel-making capacity was the most important cause of the trade problems which had plagued the industry in recent years.

There was nothing protectionist about the U.S. industry making efforts to counter the impact of dumped or subsidised imports said Mr Jaicks. Disruption of the U.S. market in this way would be particularly damaging during the next five years when the steel industry would be trying to generate large amounts of capital to modernise plants and equipment.

U.S. Steel invoked anti-dumping legislation last year but withdrew its action when the trigger price mechanism was established. In recent months exchange rate alterations have led to a big European assault on the steel market in the U.S. where imports account for at least 25 per cent.

Some European producers privately agree that some dumping allegations are probably justified but they see the threatened law suits largely as a political move to bring pressure on the Government.

Eurofer, the club representing the leading EEC steel makers will meet in Toronto today to consider the probable renewal of anti-dumping actions. Representatives from both the public and private sectors of the British Steel Industry will use Mr Jaicks' comments to renew the argument that Britain's example in substantially cutting capacity must be followed swiftly by similar actions elsewhere in the community.

● Mr Lenhard Holschuh, secretary general of the IISI, told the conference that apparent steel consumption in industrialised countries was forecast to increase by 3.9 per cent in 1982 to 380m tonnes. In the U.S. and Japan these projections were based on an expected positive development in demand, but Western European growth rates—4.7 per cent for the EEC and 3.8 per cent elsewhere—mainly reflected an end to de-stocking and very little real increase in steel consumption.

U.S. to offer European allies an alternative to Siberian gas

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. is assembling a series of energy proposals to offer to western European governments as an alternative to the projected 3,500-mile natural gas pipeline from the Soviet Union.

Washington fears that the $9bn (£4.8bn) pipeline project, which is intended to bring large quantities of Siberian natural gas to western Europe from the mid-1980s, will make its European allies dangerously dependent on the Soviet Union for energy supplies.

The U.S. restated its opposition to the deal to Herr Helmut Schmidt, the West German Chancellor, at July's Ottawa summit and suggested that alternative supplies could be found with American help. As far as Bonn is concerned, its part of the deal goes ahead and there are no realistic alternatives. The West German role in the proposal is considered to be essential to the success of the Soviet gas export programme.

U.S. officials admit it is not easy to produce a convincing counter-proposal. But they are working on a proposal involving a combination of three possible energy sources—coal, nuclear fuel and liquefied natural gas (Lng)—which they hope to put to the West Germans next month. Mr Leonid Brezhnev is expected in Bonn late in November, by which time it is hoped that the pipeline deal will be ready for signing.

This latest U.S. move follows the signing in both West Germany and Italy of more than £1bn worth of contracts with European consortia to provide virtually all the compressor stations to be set up along the pipeline. What remains to be decided are the price of the gas itself and the quantities of pipes to be supplied to the Soviet Union by Western European and Japanese concerns.

What is not yet clear in Washington is how far the Administration sees the proposal as an alternative to the whole pipeline project, or whether it should be seen as a back-up in the event of Moscow cutting off supplies after the pipeline had been built.

Some U.S. officials still believe there is hope of persuading the Europeans to drop the Soviet gas deal altogether. But there is also a view that the alternatives should be pursued even if work is started on the pipeline to provide a safety net in the event of a crisis.

The U.S. accepts that there is little chance of selling a great deal of U.S. coal to West Germany and is aware of the sensitivity of western European public opinion on nuclear issues.

The key to the U.S. proposal lies in its third element, LNG. Officials in Washington point out that large new pools of natural gas are being discovered around the world in areas which, they claim, would be much surer sources of supply than the Soviet Union.

Washington is thinking in terms of a series of international agreements with countries such as Nigeria, Algeria, Cameroon and states in the Far East for the supply of LNG to western Europe. The U.S., with its own LNG supplies, would be prepared to stand aside to allow the Europeans to negotiate the lowest possible prices.

Woolwich to axe differential rate

BY ANDREW TAYLOR

WOOLWICH EQUITABLE Building Society is to scrap differential mortgages—the system by which higher rates of interest are charged for larger loans. The society will charge a standard 15 per cent for all home loans above £37,500.

Interest rates on loans above £37,500—a small proportion of Woolwich's total lending—will be open to individual negotiations. Differentials will also be scrapped for endowment mortgages which will be a standard 15¼ per cent.

The changes will take effect for existing borrowers from November 1 and immediately for new borrowers.

The move appears to have caught some societies by surprise. They had not expected the Woolwich, the country's fifth largest building society, to move quite so quickly.

The Brighton-based Alliance building society responded by announcing plans to reduce the level of extra charges made on large loans made to new borrowers by up to one percentage point.

Abbey National and Nationwide—the second and third largest of the societies—said they had no immediate plans to scrap differential mortgages.

Abbey National and Nationwide said that the introduction of a standard rate mortgage would in the long term make the cost of home loans relatively more expensive for those at the cheaper end of the housing market.

Mr Leonard Williams, chief general manager of Nationwide, said: "Those borrowing lower sums have to some extent been subsidised by those taking out larger loans."

He said that to introduce a common rate, and still balance its investment and lending portfolio, Nationwide would need a standard mortgage rate of about 15.3 per cent which would be above the building societies' current recommended base mortgage rate of 15 per cent. Abbey National would need to introduce a standard rate of about 15¼ per cent.

Woolwich: the effect of the mortgage rate change on gross monthly repayments

Loans over 25 years	£15,001	£20,001	£25,001
15 per cent standard	£193.50	£258.00	£322.50
If differential rates still applied	£199.20	£273.40	£351.50
	(15½%)	(16%)	(16½%)

Paribas Suisse takeover opposed

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government is opposing the Swiss takeover bid for Banque de Paris et des PaysBas Suisse (Paribas Suisse), one of the largest foreign banking subsidiaries of Paribas. The takeover bid is seen as a threat to plans to nationalise the entire Paribas banking and industrial group.

Government officials said yesterday that they would try to persuade Paribas, which has a 60 per cent stake in Paribas Suisse to reject the offer. If that failed, they would seek to prevent the transaction by legal means—although they conceded that this might prove difficult.

The bid made last Friday by Pargesa Holding, a Swiss-based investment group, puts a value on Paribas Suisse of FFr 2.3bn (£220m). This valuation of a subsidiary which accounts for some 12 per cent of Paribas's assets is deeply embarrassing to the French Government, which is offering only about FFr 3.6bn in compensation for the proposed takeover of the entire Paribas group by the state.

The danger for the Government is that the takeover bid, if allowed to succeed, could set a precedent for similar attempts to purchase overseas subsidiaries of other French banks and industrial groups before the nationalisation bill becomes law.

Until the bill becomes law, responsibility for the Paribas group—as for the other companies due to be nationalised—remains with the current board of directors.

M André de Pfyffer, president of Pargesa Holding, said from Geneva yesterday that he was sure the French Government could not block the sale by legal means, but agreed that political pressure was possible. M de Pfyffer is also on the main board of Paribas Suisse. He said the takeover was planned by the directors of Pargesa without the knowledge of Paribas in Paris.

Pargesa's shareholders include A. G. Becker of the U.S., in which Paribas has a 20 per cent stake, Power Corporation of Canada, in which Paribas holds 19 per cent, the Belgian Frere trading group, and the Swiss financing subsidiary of Volvo, the Swedish car manufacturer.

Terry Dodsworth writes: The French Government reached agreement yesterday on its takeover of Matra, the missiles and high-technology group. Details of the deal will be disclosed today. It is understood that the Government is to take a 51 per cent stake in the company.

The Matra agreement follows hard on the heels of a similar deal which will give the state 51 per cent in Dessault, the aircraft company. Both of these groups are being nationalised as part of the Socialist Government's plans to bring the leading defence contractors into the public sector.

Guinness Peat

Continued from Page 1

ings of the group, excluding the banking subsidiary Guinness Mahon, rose from £102m to £139m in the year ended in April.

To reduce these borrowings Guinness Peat has embarked on a series of disposals of assets, including stakes in Esperanza, Greencoat Properties and Linfood.

In his statement in the annual report Mr Dell says that the money losing commodity business in Chicago has been brought under control, but will continue to contribute losses in the first half.

He states that Guinness Mahon, a City accepting house, is an increasingly valuable asset of the group, a value not adequately conveyed by the disclosed profit figures.

It is understood that Mr David Ewart, deputy chairman of Guinness Mahon, has expressed his wish to leave the bank. This follows the appointment last month of an outsider, Mr Richard Fenhalls, at present with Amex Bank, as deputy chairman and chief executive. Mr Ewart is expected to continue as a director of Guinness Peat.

Mr Dell said yesterday that the problems of the group were being dealt with. "We have significantly reduced the size and the losses of the industrial division. We have restored the chemicals division to profitability.

"All the divisions are doing better than last year, with the exception of the commodities division."

Anger as Heseltine demands more cuts

By Robin Pauley

MR MICHAEL HESELTINE, Environment Secretary, has angered local authority leaders in England by demanding cuts that will require a 7 per cent cut in real terms in their current expenditure next year compared with this year's expected expenditure.

This represents a cash cut of between £1.5bn and £2bn which council leaders of all parties denounced as "totally unrealistic."

The cut, announced to local authority leaders at the Environment Department by Mr Heseltine under pressure from the Treasury is made up of:

● 3.5 per cent which is the reduction the Government estimates will be needed to pay for all the cuts councils have so far failed to make to meet Government targets.

● 1 per cent which is a planned reduction indicated in the current public expenditure White Paper.

● 2 to 3 per cent which is the result of the Government's continuing refusal to up-date its inflation assumptions beyond those implied in the cash limits.

Council leaders are still hoping that Mr Heseltine will back down on at least some of these demands and they will meet him again after the Tory party conference.

The Government also intends to reduce substantially the share of local government which it funds through grants. This, coupled with the reduction of grants which penalises councils for spending in excess of centrally prescribed levels, could mean rate rises far in excess of inflation next year in council areas that will not or cannot make the cuts.

"The Government knows and we know that targets like this cannot be achieved," said Mr Jack Smart, Labour leader of the Association of Metropolitan Authorities.

Mr John Lovill, Conservative chairman of the Association of County Councils' policy committee, said the Government was demanding too much. It might be self-defeating because it was so unrealistic that some councils might feel too disheartened even to bother trying to meet it.

The Cabinet is in a state of considerable disarray over next year's public expenditure cuts and Treasury ministers suffered a setback when spending ministers said they were not prepared to accept at face value the Treasury's assumption that total cuts of £5bn to £6bn are needed.

Mr Heseltine is understood to have said that, given the current state of local government finances and the pressure under which councils were operating, he was not convinced that the 1 per cent extra cut assumed in the public expenditure White Paper was necessarily "a realistic demand."

Fight looms on audit and Commercial rates, Page 8

Weather

UK TODAY

Showers and sunny intervals. Cold with night frost in places.

London, E Anglia, Midlands, Wales, Central and E Scotland

Scattered showers with sunny periods. Max 10C (50F).

W Scotland, Highlands, Moray Firth, N Ireland, Orkney, Shetland

Showers, sunny intervals, wintry over high ground. Max 9C (48F).

Outlook: Showers and sunny intervals with longer outbreaks of rain in the south.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	20	78	L. Ang.†	F	13	55
Algiers	S	28	82	Luxmbg.	R	6	43
Amsdm.	C	8	46	Luxor	F	33	91
Athens		—	—	Madrid	S	25	77
Barclna.	S	26	79	Majorca	S	27	81
Beirut	F	27	81	Malaga	S	22	72
Belfast	F	8	46	Malta	F	25	77
Belgrd.	F	13	55	Mchstr.	F	8	46
Berlin	C	11	52	Melbne.	S	18	64
Biarritz	C	20	68	Mx. C.†		—	—
Bmghm.	C	9	48	Miami†		—	—
Blackp'l	F	10	50	Milan	C	17	63
Bordx.	R	18	64	Montr'l†	S	0	32
Boulgn.	C	8	46	Moscow	C	16	61
Bristol	C	10	50	Nairobi	C	25	77
Brussels	F	13	55	Naples	F	24	75
Cairo	S	30	86	Nassau		—	—
Cardiff	R	10	50	N York†	S	7	45
Casbca.		—	—	Nice	F	23	73
Cape T.		—	—	Nicosia	F	25	77
Chicg.†	F	6	43	Oporto	R	18	64
Cologne	R	8	46	Oslo	C	9	48
Conhgn.	F	11	52	Paris	C	10	50
Corfu	F	25	77	Perth	F	18	64
Denver†	F	9	48	Prague	C	8	46
Dublin	S	9	49	Rykivk.	S	−2	28
Dbrvnk.	S	22	72	Rhodes	C	25	77
Ednbgh.	S	9	48	Rome	F	24	75
Faro	S	28	82	Salzb'rg	C	10	50
Florence	F	22	72	S'ciscot	F	9	48
Frankf't	R	8	46	S. M'ritz		—	—
Funchal	C	22	72	Singapr.		—	—
Geneva	R	11	52	S'tiagot		—	—
Gibrltr.	F	19	66	Stckhm.	C	10	50
Glasg'w	F	7	45	Strasb'g	R	9	48
G'rnsey	C	11	52	Sydney	F	20	68
Helsinki	C	7	45	Tangier		—	—
H. Kong	S	28	82	Tel Aviv	F	26	79
Innsbr'k	C	8	46	Tenerife	S	24	75
Invrnss.	R	6	43	Tokyo	C	22	72
I.o.Man	F	9	48	Tor'nto†	S	0	32
Istanbul	C	20	68	Tunis	F	29	84
Jersey	C	13	55	Valencia	S	29	84
L. Plms.	S	25	77	Venice	C	15	59
Lisbon	S	23	73	Vienna	C	13	55
Locarno	C	12	54	Warsaw	C	8	46
London	C	9	48	Zurich	R	8	46

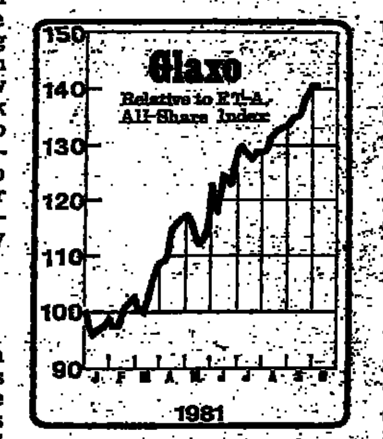
C—Cloudy. F—Fair. R—Rain. S—Sunny. † Noon GMT temperatures.

THE LEX COLUMN

Shot in the arm for Glaxo

Equities and gilts both took a turn for the worse yesterday as a bout of heavy selling drove sterling down against the dollar and continental currencies. With most U.S. markets closed for the Columbus day holiday, sterling was left to drift in the afternoon and finished about 4 cents below its opening levels. The Bank of England made no attempt to brake sterling's fall and suggested that it was prepared to see sterling rates fall further by buying bills below the inter-bank rate. This was hardly encouraging for sterling bulls.

Index fell 7.2 to 491.0



Glaxo

Glaxo's share price has been very strong lately and its figures for the year to June show why. Historic cost profits have jumped by nearly a third to £87.3m, which at last takes the group above the high point reported four years ago. On a current cost basis the improvement is no less than 55 per cent—thanks mainly to a lower cost of sales adjustment—which means that although the dividend has been bumped up by 18 per cent, the payment this time is comfortably covered by current cost earnings. Further profits growth is in view this year.

The weakness of sterling has played an important part in the upturn, with around three-quarters of sales on the manufacturing side arising overseas. Glaxo includes the effect of currency changes on net current assets in its pre-tax profits, and all told exchange rate movements have increased profits by about £8m. But two-fifths of the group's overseas sales stem from continental Europe in currencies which have only really strengthened against sterling since the year end. And anyway the main story behind Glaxo's performance lies in rising sales volumes and prices.

Excluding the wholesaling side, turnover is up by 24 per cent, and the UK has managed an increase of about a third. Established products like Trandate, an anti-hypertensive, and Zinacef, a cephalosporin, have both registered sharp rises, and there is at least a suggestion that Glaxo has been sharpening up its marketing effort.

In the U.S., for instance, the sales force has been doubled in two years (admittedly from a small base) and the recent launch of Ventolin seems to have gone very well. Development spending in this market is still exceeding revenues, but it could become an important source of profits in, say, five years' time. Meanwhile, two important products have yet to make their mark on group sales: Zantac, an anti-ulcer drug which has just come on to the UK market, and Fortam, a new cephalosporin.

The shares rose 10p to 406p yesterday, close to their all-time high, and yield 4 per cent.

Woolworth/Dodge

Woolworth will have succeeded in its aim of regaining market leadership in the DIY sector with the proposed purchase of Dodge City, but the cost will have been formidable. Woolworth bought out B and Q last year at six times asset backing and on an exit p/e in double figures. This time no figures have been made available, but it looks as if the £20.1m cash deal for privately-owned Dodge City measures up fully to such exacting ratings, even though the recession-proof image of the DIY sector has become extremely tarnished in the meantime.

Dodge City's net assets are in the region of £5m, with a heavy bias to leasehold property, and Woolworth will have to take significant debt on board. Meanwhile its profits are likely to have taken a considerable tumble since the £3m or so recorded in 1979, albeit partly because of an ambitious development programme. Nor is Woolworth retaining senior management: it appears that B and Q—where profits have been falling since acquisition—will take control.

So this represents another step in a fairly risky strategy of buying growth. But Woolworth has still to get to grips with the underlying problems of its main business, the high street shopping chain. The shares fell 1p yesterday to 47p.

GLAXO

Harrisons

With rubber and palm oil prices still in the doldrums and a drought affecting production, Harrisons Malaysian Estates continues to show the strain. Pre-tax profits for the first half to June quarter are 30 per cent lower than in the same period in 1980. So even though the drought has broken and commodity prices have perked up, HME is unlikely to match the [illegible] recorded last year.

Other considerations, however, rule the share price, which was unchanged yesterday at 186p. The group reports on progress in its talks on Malaysianisation. In recent weeks the relative valuation of the parent, Harrisons and Crosfield, has moved up smartly, which suggests that the market expects some action to take place at this level.

Guinness Peat

By the second half of the current year, perhaps, Guinness Peat will be proving some of its recovery potential. But it looks as though the commodity side will continue to be a drag on the results for the first six months, sorting out the Chicago commodity futs business, which produced unexpected losses last year, could lead to a further deficit and the rest of this side of the business is being affected by weak commodity prices and high interest rates. Certainly yesterday's 5p rise in the share price to 89p—where the yield on the reduced dividend is only 4½ per cent—owed much more to bid speculation than to the trading fundamentals.

The annual report published this morning shows tangible net worth of £42.6m. That cannot be compared in any direct way with total indebtedness of £138.8m, because most of the borrowings are financing short-term trading activities, but the gearing is clearly high. Meantime the equity market capitalisation is £59m.

The most easily disposable assets have been sold already, as long ago as last March the Board resolved that the 11.3 per cent stake "was not held for the long term." The key asset, however, could be Guinness Mahon. This is in the books at £24.7m, but then £25m has just been paid for Dow Scandia for Arbuthnot Latham, another accepting house which is less than half as large on the basis of published figures.

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